OKLAHOMA SAI STATE AUDITOR & INSPECTOR

STATE OF OKLAHOMA

Single Audit Report

For the fiscal year ended June 30, 2021

Cindy Byrd, CPA
State Auditor & Inspector

OKLAHOMA
2021

Single Audit Report
For the Fiscal Year Ended June 30, 2021

Prepared by
Office of the State Auditor and Inspector

Cindy Byrd, CPA
Oklahoma State Auditor and Inspector

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OKLAHOMA
Office of the State Auditor & Inspector

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June 27, 2023

**To the Honorable J. Kevin Stitt, Governor
and Members of the Legislature of the
State of Oklahoma**

This is the Single Audit Report of the State of Oklahoma for the fiscal year ended June 30, 2021. The audit was conducted in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

This report is a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.l et seq.) and shall be open to any person for inspection and copying.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office by various state officials and employees during the course of the audit.

Sincerely,

Cindy Byrd

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR & INSPECTOR

State of Oklahoma
Single Audit Reporting Package
Year Ended June 30, 2021

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Office of the State Auditor & Inspector

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INDEPENDENT AUDITOR'S REPORT

To the Honorable J. Kevin Stitt, Governor
and Members of the Legislature
of the State of Oklahoma

Report on Compliance for Each Major Federal Program

We have audited the State of Oklahoma's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the State of Oklahoma's major federal programs for the year ended June 30, 2021. The State of Oklahoma's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

We did not audit compliance with those requirements that are applicable to the major federal programs administered by the Department of Commerce, the Department of Environmental Quality, the Department of Wildlife Conservation, and the Water Resources Board which were audited in accordance with the provisions of Title 2 *U.S. Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The federal programs for the above referenced agencies represent 1.83% of total expenditures for federal programs reported on the Schedule of Expenditures of Federal Awards. Those entities were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to compliance with the compliance requirements for the above-mentioned entities, is based solely upon the reports of the other auditors.

The State of Oklahoma's basic financial statements include the operations of component units, some of which received federal awards. Those component units are not included in the Schedule of Expenditures of Federal Awards for the year ended June 30, 2021. Our audit, described below, did not include the operations of those component units because they engaged other auditors to perform audits in accordance with Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the State of Oklahoma's major federal programs based on our audit of the types of compliance requirements referred to above and the reports of other auditors. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State of Oklahoma's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our disclaimers of opinion, qualified opinions, and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the State of Oklahoma's compliance.

Basis for Disclaimer of Opinion on Children's Health Insurance Program and Medicaid Cluster

As described in the accompanying schedules of findings and questioned costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the State of Oklahoma with Eligibility requirements regarding CFDA 93.767 Children's Health Insurance Program as described in finding number 2021-069 and the Medicaid Cluster as described in finding numbers 2021-069; consequently we were unable to determine whether the State of Oklahoma complied with this requirement applicable to those programs.

Disclaimer of Opinion on Children's Health Insurance Program and Medicaid Cluster

Due to the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, the auditor has not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion; accordingly, the auditor does not express an opinion on CFDA 93.767 Children's Health Insurance Program and the Medicaid Cluster regarding the Eligibility compliance requirement.

Basis for Qualified Opinion on Pandemic EBT Food Benefits, SNAP Cluster, Unemployment Insurance, Formula Grants for Rural Areas and Tribal Transit Program, Coronavirus Relief Fund, Emergency Rental Assistance, Education Stabilization Fund, Temporary Assistance for Needy Families, CCDF Cluster, Foster Care – Title IV-E, Adoption Assistance, Medicaid

Cluster, and Presidential Declared Disaster Assistance to Individuals and Households - Other Needs

As described in the accompanying schedule of findings and questioned costs, the State of Oklahoma did not comply with requirements regarding the following:

Finding #	Assistance Listing #	Program (or Cluster) Name	Compliance Requirement
2021-037 2021-062	10.542	Pandemic EBT Food Benefits	Reporting
2021-059	10.551	SNAP Cluster	Special Tests (N3)
2021-001	17.225	Unemployment Insurance	Activities Allowed/ Unallowed
2021-001	17.225	Unemployment Insurance	Eligibility
2021-011 2021-022	17.225	Unemployment Insurance	Special Tests (N5)
2021-044 2021-082 2021-108	20.509	Formula Grants for Rural Areas and Tribal Transit Program	Activities Allowed/ Unallowed
2021-044 2021-082 2021-108	20.509	Formula Grants for Rural Areas and Tribal Transit Program	Allowable Costs/ Cost Principles
2021-108	20.509	Formula Grants for Rural Areas and Tribal Transit Program	Reporting
2021-017 2021-108	20.509	Formula Grants for Rural Areas and Tribal Transit Program	Subrecipient Monitoring
2021-084 2021-091 2021-094	21.019	Coronavirus Relief Fund	Activities Allowed/ Unallowed
2021-084 2021-091 2021-094	21.019	Coronavirus Relief Fund	Allowable Costs/ Cost Principles
2021-084 2021-091 2021-094	21.019	Coronavirus Relief Fund	Period of Performance
2021-072 2021-084	21.019	Coronavirus Relief Fund	Subrecipient Monitoring
2021-080	21.023	Emergency Rental Assistance	Activities Allowed/ Unallowed
2021-080	21.023	Emergency Rental Assistance	Allowable Costs/ Cost Principles
2021-080 2021-081	21.023	Emergency Rental Assistance	Subrecipient Monitoring
2021-109	84.425	Education Stabilization Fund	Activities Allowed/ Unallowed

2021-109	84.425	Education Stabilization Fund	Allowable Costs/ Cost Principles
2021-078	84.425	Education Stabilization Fund	Cash Management
2021-060	84.425	Education Stabilization Fund	Reporting
2021-019 2021-109	84.425	Education Stabilization Fund	Subrecipient Monitoring
2021-040 2021-065 2021-068	93.558	Temporary Assistance for Needy Families	Activities Allowed/ Unallowed
2021-040 2021-065	93.558	Temporary Assistance for Needy Families	Allowable Costs/ Cost Principles
2021-046 2021-065	93.558	Temporary Assistance for Needy Families	Eligibility
2021-040 2021-053 2021-065 2021-068	93.558	Temporary Assistance for Needy Families	Matching, Level of Effort, Earmarking
2021-064 2021-066	93.558	Temporary Assistance for Needy Families	Special Tests (N1)
2021-089	93.575/93.596	CCDF Cluster	Special Tests (N1)
2021-099	93.658	Foster Care – Title IV-E	Subrecipient Monitoring
2021-101	93.658	Foster Care – Title IV-E	Eligibility
2021-100	93.659	Adoption Assistance	Eligibility
2021-048	93.778	Medicaid Cluster	Special Tests (N7)
2021-008	93.778	Medicaid Cluster	Special Tests (N8)
2021-071 2021-093	97.050	Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	Activities Allowed/ Unallowed
2021-071 2021-093	97.050	Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	Allowable Costs/ Cost Principles
2021-071 2021-093	97.050	Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	Eligibility
2021-071	97.050	Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	Period of Performance

Compliance with such requirements is necessary, in our opinion, for the State of Oklahoma to comply with the requirements applicable to those programs.

Qualified Opinion on Pandemic EBT Food Benefits, SNAP Cluster, Unemployment Insurance, Formula Grants for Rural Areas and Tribal Transit Program, Coronavirus Relief Fund, Emergency Rental Assistance, Education Stabilization Fund, Temporary Assistance for Needy Families, CCDF Cluster, Foster Care – Title IV-E, Adoption Assistance, Children's Health Insurance Program, Medicaid Cluster, and Presidential Declared Disaster Assistance to Individuals and Households - Other Needs

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State of Oklahoma complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Pandemic EBT Food Benefits, SNAP Cluster, Unemployment Insurance, Formula Grants for Rural Areas and Tribal Transit Program, Coronavirus Relief Fund, Emergency Rental Assistance, Education Stabilization Fund – GEER, Temporary Assistance for Needy Families, CCDF Cluster, Foster Care – Title IV-E, Adoption Assistance, Children's Health Insurance Program, Medicaid Cluster, and Presidential Declared Disaster Assistance to Individuals and Households - Other Needs programs for the year ended June 30, 2021.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, based on our audit and the report of other auditors, the State of Oklahoma complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items:

2021-002	2021-010	2021-012	2021-014	2021-015	2021-018
2021-020	2021-021	2021-025	2021-026	2021-028	2021-029
2021-030	2021-036	2021-037	2021-040	2021-041	2021-042
2021-045	2021-049	2021-061	2021-067	2021-069	2021-073
2021-076	2021-077	2021-079	2021-080	2021-085	2021-086
2021-088	2021-095	2021-096	2021-105	2021-106	2021-107
2021-110	2021-111	2021-112	2021-114		

Our opinion on each major federal program is not modified with respect to these matters.

The State of Oklahoma's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action

plan. The State of Oklahoma's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the State of Oklahoma is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the State of Oklahoma's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Oklahoma's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items (see list below) to be material weaknesses.

2021-001	2021-008	2021-011	2021-014	2021-015	2021-017
2021-019	2021-022	2021-037	2021-040	2021-048	2021-059
2021-060	2021-062	2021-064	2021-065	2021-071	2021-072
2021-078	2021-079	2021-080	2021-081	2021-084	2021-089
2021-091	2021-093	2021-094	2021-099	2021-100	2021-101
2021-108	2021-109				

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items (see list below) to be significant deficiencies.

2021-002	2021-012	2021-018	2021-020	2021-021	2021-025
2021-026	2021-028	2021-029	2021-030	2021-036	2021-041
2021-042	2021-044	2021-045	2021-046	2021-051	2021-053
2021-058	2021-061	2021-066	2021-067	2021-068	2021-069
2021-073	2021-076	2021-077	2021-082	2021-085	2021-086
2021-088	2021-095	2021-096	2021-105	2021-107	2021-110
2021-111	2021-114				

The State of Oklahoma's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The State of Oklahoma's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Oklahoma as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the State of Oklahoma's basic financial statements. We issued our report thereon dated January 25, 2022, which contained unmodified opinions on those financial statements. Our report included a reference to our reliance on other auditors. Our report also included emphasis paragraphs on the net deficit of the Multiple Injury Trust Fund and the adopted provisions of GASB Statement No. 84, *Fiduciary Activities*, GASB Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statement numbers 14 and 61*, GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, and GASB Statement No. 98, *The Annual Comprehensive Financial Report*, effective July 2020.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Oklahoma's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Requirement for Federal Awards*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements

themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described previously, and the reports of other auditors, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

CINDY BYRD, CPA
OKLAHOMA STATE AUDITOR AND INSPECTOR

June 19, 2023 except for our report on the Schedule of Expenditures
of Federal Awards, for which the date is January 25, 2022

Schedule of Findings and Questioned Costs

Financial Statements

Type of auditor's report issued: ..... unmodified

Internal control over financial reporting:

Material weakness(es) identified? .....Yes

Significant deficiencies identified that are not considered to be material weakness(es)?.....Yes

Noncompliance material to financial statements noted?.....No

For fiscal year 2021, the *Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With Government Auditing Standards* was issued under separate cover from the Annual Comprehensive Financial Report for the State of Oklahoma for the year ended June 30, 2021, dated January 25, 2022.

Federal Awards

Internal control over major programs:

Material weakness(es) identified? .....Yes

Significant deficiencies identified that are not considered to be material weakness(es)?.....Yes

Type of auditor's report issued on compliance for major programs: Unmodified for all major programs except for the following:

#10.542 – Pandemic EBT Food Benefits	Qualified
SNAP Cluster	Qualified
#17.225 - Unemployment Insurance	Qualified
#20.509 - Formula Grants for Rural Areas and Tribal Transit Program	Qualified
#21.019 – Coronavirus Relief Fund	Qualified
#21.023 – Emergency Rental Assistance	Qualified
#84.425 – Education Stabilization Fund	Qualified
#93.558 – Temporary Assistance for Needy Families	Qualified
CCDF Cluster	Qualified
#93.658 - Foster Care – Title IV-E	Qualified
#93.659 – Adoption Assistance	Qualified
#93.767 - Children's Health Insurance Program	Disclaimer
Medicaid Cluster	Disclaimer/Qualified
#97.050 - Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	Qualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? .....Yes

Dollar threshold used to distinguish between type A and type B programs: ……$30,000,000

Auditee qualified as low-risk auditee?.....No

Schedule of Findings
Summary of Auditor's Results

Identification of Major Programs:

	CFDA Number and Program		State Agency Name
	10.093	Voluntary Public Access and Habitat Incentive	Department of Wildlife Conservation
	10.542	Pandemic EBT Food Benefits	Department of Human Services
SNAP Cluster	10.551	Supplemental Nutrition Assistance Program	Department of Human Services
	10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	
	10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	Department of Health
	10.558	Child and Adult Care Food Program	Department of Education
Food Distribution Cluster	10.565	Commodity Supplemental Food Program	Department of Human Services
	10.568	Emergency Food Assistance Program (Administrative Costs)	
	10.569	Emergency Food Assistance Program (Food Commodities)	
	14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Department of Commerce
	14.231	Emergency Solutions Grant Program	Department of Commerce
	14.269	Hurricane Sandy Community Development Block Grant Disaster Recovery Grants	Department of Commerce
Fish and Wildlife Cluster	15.605	Sport Fish Restoration Program	Department of Wildlife Conservation
	15.611	Wildlife Restoration and Basic Hunter Education	
	15.626	Enhanced Hunter and Safety Education	
	17.225	Unemployment Insurance	Employment Security Commission
WIOA Cluster	17.258	WIOA Adult Programs	Department of Commerce
	17.259	WIOA Youth Activities	
	17.278	WIOA Dislocated Worker Formula Grants	
Highway Planning and Construction Cluster	20.205	Highway Planning and Construction	Department of Transportation
	20.219	Recreational Trails Program	
	20.509	Formula Grants for Rural Areas and Tribal Transit Program	Department of Transportation
	21.019	Coronavirus Relief Fund	State of Oklahoma (numerous agencies)
	21.023	Emergency Rental Assistance	State of Oklahoma - CARES Forward
	64.015	Veteran's State Nursing Home Care	Department of Veteran's Affairs
Clean Water State Revolving Fund Cluster	66.458	Capitalization Grants for Clean Water State Revolving Funds	Water Resources Board

Drinking Water State Revolving Fund Cluster	66.468	Capitalization Grants for Drinking Water State Revolving Funds	Department of Environmental Quality
Education Stabilization Fund	84.425C	Governor’s Emergency Education Relief (GEER) Fund	Department of Education, Governor's Office, Office of Educational Quality & Accountability, Virtual Charter School Board
	84.425D	Elementary and Secondary School Emergency Relief (ESSER) Fund	
	84.425R	Coronavirus Response and Relief Supplemental Appropriations Act, 2021 - Emergency Assistance to Non-Public Schools (CRRSA EANS) Program	
	84.425U	American Rescue Plan - Elementary and Secondary	
	93.558	Temporary Assistance for Needy Families	Department of Human Services, Department of Libraries, Department of Career and Technology Education, Mental Health and Substance Abuse Services
	93.563	Child Support Enforcement	Department of Human Services, District Attorney's Council and DA Offices
	93.569	Community Services Block Grant	Department of Commerce
CCDF Cluster	93.575	Child Care and Development Block Grant	Department of Human Services
	93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	
	93.658	Foster Care IV-E	Department of Human Services, Office of Juvenile Affairs
	93.659	Adoption Assistance	Department of Human Services
	93.667	Social Services Block Grant	Department of Human Services
	93.767	Children’s Health Insurance Program	Health Care Authority, Department of Health, Mental Health and Substance Abuse Services
Medicaid Cluster	93.775	State Medicaid Fraud Control Units	Attorney General
	93.777	State Survey and Certification of Health Care Providers and Suppliers (TitleXVIII) Medicare	Department of Health
	93.778	Medical Assistance Program	Health Care Authority, Department of Human Services, Department of Health, Mental Health and Substance Abuse Services, and Office of Juvenile Affairs
	97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Emergency Management, Department of Health, Department of Transportation
	97.050	Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	Employment Security Commission

FINANCIAL STATEMENT FINDINGS

Reference Number: 21-290-013 (Repeat #20-290-009)
State Agency: Oklahoma Employment Security Commission (OESC)
Fund Type: Government-Wide – Business Type Activities; Enterprise Fund
Other Information: Unemployment Insurance Benefit Expenditures

Criteria: The *Government Accountability Office (GAO) Standards for Internal Control in the Federal Government* 9.04 states, in part, "As part of risk assessment or a similar process, management analyzes and responds to identified changes and related risks in order to maintain an effective internal control system. Changes in conditions affecting the entity and its environment often require changes to the entity's internal control system, as existing controls may not be effective for meeting objectives or addressing risks under changed conditions. Management analyzes the effect of identified changes on the internal control system and responds by revising the internal control system on a timely basis, when necessary, to maintain its effectiveness."

The *Government Accountability Office (GAO) Standards for Internal Control in the Federal Government* 10.03 states, in part, "Management designs appropriate types of control activities for the entity's internal control system. Control activities help management fulfill responsibilities and address identified risk responses in the internal control system. … Management establishes physical control to secure and safeguard vulnerable assets. Examples include security for and limited access to assets such as cash, securities, inventories, and equipment that might be vulnerable to risk of loss or unauthorized use. Management periodically counts and compares such assets to control records."

The *Government Accountability Office (GAO) Standards for Internal Control in the Federal Government* 10.06 states, "Control activities can be implemented in either an automated or a manual manner. Automated control activities are either wholly or partially automated through the entity's information technology. … Automated control activities tend to be more reliable because they are less susceptible to human error and are typically more efficient. If the entity relies on information technology in its operations, management designs control activities so that the information technology continues to operate properly."

The *Government Accountability Office (GAO) Standards for Internal Control in the Federal Government* 11.13 states, in part, "Management evaluates security threats to information technology, which can be from both internal and external sources. External threats are particularly important for entities that depend on telecommunications networks and the Internet. External threats have become prevalent in today's highly interconnected business environments, and continual effort is required to address these risks."

Oklahoma Statute 40 § 2-206 states, "The unemployed individual must have been unemployed for a waiting period of one (1) week. No week shall be counted as a week of unemployment for the purposes of this section:

(1) Unless it occurs within the benefit year which includes the week with respect to which he claims payment of benefits;
(2) If benefits have been paid with respect thereto;
(3) Unless the individual was eligible for benefits with respect thereto."

A component objective of an effective internal control system is to ensure accurate and reliable information through a proper review and approval process.

Condition: The OESC paid out roughly $3 billion in Unemployment Insurance claims for state fiscal year 2021, and the agency's internal controls were insufficient to prevent overpayments related to fraud or administrative error related to unemployment benefit payments. The agency's internal controls failed largely because 1) There was a massive amount of claims for which OESC could not physically verify the identification of the claimant because of social distancing restrictions until November 2020; 2) the agency had an antiquated system that lacked proper automated edits to adequately prevent, deter, and detect overpayments related to fraud or administrative error for unemployment claims; and 3) the one-week waiting period before claimants could be paid was waived until October 2020. Without the controls noted above, verification of a claimant's information to establish eligibility was not always performed, or could not be performed as needed, to detect overpayments related to fraud or administrative error for unemployment

benefit claims.

In addition, when testing our sample of 122 Unemployment Insurance individual claim payments totaling $44,830 (identified by check number per payment data), we noted fraudulent payments totaling $884 paid to 2 claimants and administrative overpayments totaling $1,709 paid to 5 claimants (5.7% error rate). Administrative overpayments result from a variety of circumstances, but many of the overpayments during this timeframe resulted from the complexity and continual revision of requirements for eligibility and the volume associated with the federal benefit programs. Collection efforts for administrative overpayments are limited to recovery from future benefits. In isolating these 7 claimants from our entire population per the applicant identifier (SSN per data), we identified 129 payments totaling $49,400 in fraudulent benefit expenditures, and 196 payments totaling $50,308 in administrative overpayments. Lastly, there were 94 payments totaling $3,561 in administrative overpayments for state and federal income tax withholdings on those 5 claimants in state fiscal year 2021.

Cause: The lack of controls over the Unemployment Insurance benefit payments that led to the increase in fraud and overpayments was a result of the following factors:

- Antiquated system that didn't allow for proper edits or matching of all necessary fields at the time a claim was filed
- Large number of stolen identities
- No longer being able to physically verify the identification of the claimant for the first part of the fiscal year
- Massive number of claims
- Short amount of time to implement federal requirements with little guidance
- Emergency declaration by the Governor waiving the one week waiting period which allowed benefits to begin paying immediately (declaration canceled October 25, 2020)
- Lack of adequate staffing to handle the volume of claims paid for all Unemployment Insurance programs
- Lack of adequate training for all staff related to the various Unemployment Insurance program requirements
- Delays in the process for employers to dispute claims since the process was largely manual through the mailing of notifications

Effect: Based on the control weaknesses noted above for the Unemployment Insurance program during the COVID-19 pandemic**,** verification of a claimant's information to establish eligibility was not always performed prior to payment. The result was a significant increase in fraud and overpayment cases or claims, which contributed to the depletion of the Unemployment Insurance Trust Fund.

In addition, with roughly $3 billion in Unemployment Insurance claims paid out in state fiscal year 2021, we expect the dollar amount and number of fraudulent and overpayment claims to be extensive. Efforts by OESC to identify and investigate known and suspected claims, and recover fraudulent and overpayment claims, are ongoing. However, we do feel that OESC has made big improvements in identifying trends or anomalies in the data that has allowed the agency to suspend large amounts of potentially fraudulent or overpayment claims until they can be worked. Because OESC is performing an exhaustive review of paid claims to determine which are fraudulent or overpayments, we will not project our known results to the population.

Recommendation: We recommend the OESC perform the following:

- Continue to work to strengthen internal controls over the automated system to better detect and prevent unemployment insurance benefit overpayments related to fraudulent or administrative errors.
- Continue to refine the analytics process that will help better identify trends or anomalies in the data to catch fraudulent claims timelier and save taxpayer monies.
- Work to strengthen their eligibility verification process to help prevent fraudulent claims.
- Continue to work with the U.S. Department of Labor to recover the remaining fraudulent payments.
- Continue to work to establish overpayment resolution for unemployment benefit claims.

Agency Management Response: Management concurs with the finding. Please see the OESC corrective action plan located in the corrective action plan section of the report.

Reference Number: 21-807-010

State Agency: Oklahoma Health Care Authority (OHCA)
Fund Type: General Fund
Other Information: Accounts Payable & Federal Receivable (GAAP Pkg. Q - Medicaid Payable and Receivable)

Criteria: The Government Accountability Office (GAO) Standards for Internal Control in the Federal Government 10.03 states, in part, "Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded."

A basic objective of Generally Accepted Accounting Principles is to provide accurate and reliable information.

A component objective of an effective internal control system is to ensure accurate and reliable information through a proper review and approval process.

Condition: Based upon testwork performed on GAAP Package Q-1 – Medicaid Payable and Receivable, we noted Medicaid Accounts Payable was recorded at $568,619,223 and Medicaid Federal Receivable was recorded at $356,252,023. However, based on errors noted in the calculations for both accounts, the Medicaid Accounts Payable amount should have been $647,403,008 and the Medicaid Federal Receivable amount should have been $418,973,704.

Cause: We noted that amounts were incorrectly transferred from the "Service Date Reimbursement Analysis" Report (MAR-2300-M reports) to the "Encumbered Funds by Date of Service" excel spreadsheet. The variances occurred when amounts were manually entered incorrectly onto the Encumbered Funds by Date of Service spreadsheet, and the automated check figure reconciliation was not set up correctly to detect the variances.

In addition, it does not appear the Encumbered Funds by Date of Service spreadsheet amounts were being reviewed to ensure they were being recorded correctly.

Effect: The errors on the Encumbered Funds by Date of Service spreadsheet resulted in Medicaid Accounts Payable being understated by $78,783,785 and Medicaid Federal Receivable being understated by $62,721,681.

Recommendation: We recommend OHCA continue to work to strengthen their review and reconciliation controls related to the accuracy of data reported for Medicaid Accounts Payable and Medicaid Federal Receivable.

Agency Management Response: Management concurs with the finding. Please see the OHCA corrective action plan located in the corrective action plan section of the report.

Reference Number: 21-340-006 (Repeat #20-340-004)
State Agency: Oklahoma State Department of Health (OSDH)
Fund Type: General Fund
Other Information: Data Completeness

Criteria: GAO Standards for Internal Control in the Federal Government (Green Book), Principle 13 - Use Quality Information states in part:

> 13.04 Management obtains relevant data from reliable internal and external sources in a timely manner based on the identified information requirements.
> 13.06 Management processes relevant data from reliable sources into quality information within the entity's information system. An information system is the people, processes, data, and technology that management organizes to obtain, communicate, or dispose of information.

Condition: The OSDH uses FISCAL, their internal accounting system, to complete Generally Accepted Accounting Procedures (GAAP) Packages that are the accruals on the State of Oklahoma's Annual Comprehensive Financial Reports (ACFR). As we conducted procedures to ensure that the expenditures per the agency's internal accounting system (FISCAL) and the Statewide Accounting System agreed, we noted the expenditures recorded in FISCAL were $85,450,098 less than the expenditures in the Statewide Accounting System.

Cause: FISCAL requires a budget for each item within a fund before expenditures can be recorded. Although total budget may be available in the fund, if it is not available for the line item related to the expense, the system will not allow the expense to be recorded.

Effect: Material misstatements may not be prevented or detected in a timely manner during the financial reporting process. Further, the OSDH's GAAP Packages were submitted late because the agency had to get FISCAL's expenditures up-to-date before the GAAP Packages could be prepared.

Recommendation: The OSDH was in the process of transitioning to replace the detailed level accounting in FISCAL with PeopleSoft/CORE, the Statewide Accounting System (SAS). The transition was completed on September 27, 2021, which was after our audit period. We recommend the OSDH continue using the Statewide Accounting System as their primary system for accounting and reporting.

Agency Management Response: Management concurs with the finding. Please see the OSDH corrective action plan located in the corrective action plan section of the report.

Reference Number: 21-340-024
State Agency: Oklahoma State Department of Health (OSDH)
Fund Type: General Fund
Other Information: 340 and Miscellaneous Expenditures

Criteria: The Government Accountability Office (GAO) Standards for Internal Control in the Federal Government 10.03 states, in part, "Management designs appropriate types of control activities for the entity's internal control system. Control activities help management fulfill responsibilities and address identified risk responses in the internal control system. … Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event."

A basic objective of Generally Accepted Accounting Principles is to provide accurate, reliable, and timely information.

Condition: While performing testwork on monthly expenditure reconciliations between the Fiscal system and the Statewide Accounting System, we were unable to review 2 of the 4 (50%) reconciliations in our sample (March 2021 and June 2021) because they had not been completed as of December 3, 2021. In addition, we noted that the April 2021 and May 2021 reconciliations were also not completed prior to the end of testwork for the ACFR.

Cause: The OSDH does not have adequate internal controls operating effectively to ensure that agency reconciliations are completed in a timely manner.

Effect: Failure to complete agency reconciliations could result in financial statements that are overstated/understated.

Recommendation: We recommend that OSDH develop policies and procedures to ensure reconciliations are completed in a timely manner.

Agency Management Response: Management concurs with the finding. Please see the OSDH corrective action plan located in the corrective action plan section of the report.

Reference Number: 21-340-027
State Agency: Oklahoma State Department of Health (OSDH)
Fund Type: General Fund
Other Information: Miscellaneous Expenditures

Criteria: The Government Accountability Office (GAO) Standards for Internal Control in the Federal Government 10.03 states, in part, "Management designs appropriate types of control activities for the entity's internal control

system. Control activities help management fulfill responsibilities and address identified risk responses in the internal control system. … Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event."

The Government Accountability Office (GAO) Standards for Internal Control in the Federal Government 10.03 states, in part, "Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded."

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Oklahoma Statewide Accounting Manual, Chapter 1 states, in part, "Between revisions, any updates to statewide accounting policy are announced in the Central Accounting and Reporting (CAR) newsletter that is emailed to agency finance officers and staff on a monthly basis…. Policies announced in the newsletter subsequent to a release of the Statewide Accounting Manual, supersede any conflicting policy in the manual."

According to the Special Edition – COVID-19 CAR Newsletter (dated March 16, 2020)
Voucher Submissions (Including Travel Claims)

- Complete the voucher in PeopleSoft.
- Within PeopleSoft, send the batch slip to a PDF file and email it to OMESTPvouchers@omes.ok.gov. This notifies OMES that a voucher is ready for processing.
- Transaction Processing will accept batch slips without an approving officer's signature, but the approving officer must either email the batch slip or email a separate approval.
- The claimant's signature on a travel claim may be replaced with an email from the traveler certifying that the information on the claim is accurate.
- Documentation supporting the voucher should be scanned and included in the email if the agency has the ability to do so remotely. Agencies who currently scan documentation should continue to use Kofax Capture if possible.
- If the agency cannot scan and include the supporting documentation, use the comment field within the voucher to explain the documentation and keep the documentation on file.
- When documentation is not included, OMES will process the claim, if possible. The claim will be audited for supporting documentation when circumstances allow.

According to the CAR Newsletter (dated November 20, 2020)
Voucher documentation and scanning

On Nov. 15, OMES will resume the requirement to attach documentation to support vouchers and travel and expense claims prior to payment. Central Accounting & Reporting is responsible for certifying that payments are appropriate and in accordance with statutes. This requires that documentation be sent with vouchers to substantiate claims. In March, when state employees began working from home, CAR initiated temporary procedures to accommodate a fast move to telework. The temporary procedures allowed agencies to submit vouchers without scanning and attaching the supporting documentation. Agencies were to retain the documentation to be made available upon request. This documentation is now required to be submitted as agencies should have put procedures in place to scan documentation for vouchers that were paid without supporting documents.

The United States Center for Disease Control and Prevention has identified the potential public health threat by the novel coronavirus (COVID-19), as "high" both globally and in the United States. While impact in Oklahoma as of

March 6, 2020, had been minimal to date, it was important for Oklahoma to be ready for this threat. Oklahoma Amended Executive Order 2020-07 was issued on March 17, 2020, by J. Kevin Stitt, Governor of the State of Oklahoma, pursuant to the power of Section 2 of Article VI of the Oklahoma Constitution to declare and direct in part, "State agencies, in responding to this emergency, may make necessary emergency acquisitions to fulfill the purposes of this declaration. If using a P-Card to make such acquisitions, agencies may purchase the necessary acquisitions without regard to the current P-Card policy limitation of $5,000.00 purchase limit. Agencies may make the necessary emergency acquisitions without the requirement to follow bidding requirement/limitations on such emergency acquisitions, without the need to purchase from State Use Vendors, or to purchase from mandatory Statewide contracts. Such necessary emergency purchases shall be capped at $250,000.00 per transaction. All such purchases must be readily identifiable as such, as following the conclusions of this threat, all such necessary emergency acquisitions will be audited to determine if they were made for emergency purposes." Subsequent Executive Orders and Amendments (2020-07, 2020-13, 2020-20 and 2021-07) included this language and were effective until March 4, 2021.

O.S. 74 §74-85.44B. Payment for goods or services pursuant to contract states in part, "Payment for products or services pursuant to a contract executed by a state agency, whether or not such state agency is subject to the Oklahoma Central Purchasing Act, Section 85.1 et seq. of this title, shall be made only after products have been provided or services rendered…."

Condition: While reviewing OSDH's miscellaneous expenditures, we noted 4 instances (8 claims) in which an invoice was paid twice. The duplicate payments equal an $820 overpayment for OSDH miscellaneous expenditures. The claim voucher nor invoice support could be located within the Statewide Accounting System. In addition, we were unable to get a response from OSDH regarding the payments.

For our sample of 279 miscellaneous claims paid during state fiscal year (SFY) 2021, July 1, 2020, to June 30, 2021, we noted the following issues:

- For 3 of 279 or 1.08% of claims tested, the requisition/contract renewal was not approved by an appropriate authority, other than the requester, and/or was not approved prior to funds being made available for expenditures and prior to the expenditure occurrence.
- For 44 of 279 or 15.77% of claims tested, the PO/Purchasing Agreement is for COVID-19 related emergency items and was made within the 30-day period covered under the Governors Emergency Order effective 4/2/2020 through 3/4/2021. However, the amount of the transaction exceeds the $250,000 limit stated in the Emergency Order and, OSDH did not properly retain appropriate supporting documentation to verify (one or more of) the following:
    - The purchasing process was adequately segregated.
    - The purchase was approved by an appropriate authority/authority.
    - The purchase was a necessary emergency acquisition.
    - The method of purchase was necessary due to the emergency declaration.
    - The vendor was adequately vetted prior to entering into a contract/purchase agreement.
- For 4 of 279 or 1.43% of claims tested, the PO/Purchasing Agreement was approved in the period covered under the Governors Emergency Order filed 4/2/2020; however, the payment is a prepayment for the contract/purchase agreement amount and the services had not occurred and/or the products had not been delivered prior to payment. In addition, it does not appear that the COVID-19 emergency necessitated prepayment of the contract.
- For 47 of 279 or 16.85% of claims tested, the Purchase Order (PO) buyer and approver are the same person.
- For 1 of 279 or 0.36% of claims tested, the PO was approved after the payment date.
- For 33 of 279 or 11.83 % of claims tested totaling $35,704,161 the product claims were not supported by a packing slip/receiving document signed by program area personnel. For 8 of the 33 claims totaling $7,498,590, we also noted the goods did not appear to be listed on the PPE tracking database which may have resulted in an overpayment to the vendor.
- For 31 of 279 or 11.11% of claims tested, the supporting documentation does not agree to the amount invoiced and/or paid for the COVID-19 testing or service-related claim. We also noted that 22 of these claims totaling $638,274 may have resulted in an overpayment to the vendor.
- For 7 of 279 or 2.51% of claims tested, the claim was not supported with an invoice approved by the

applicable program area or, the invoice did not agree to the amount paid.

- For 75 of 279 or 26.88% of claims tested, the claim is dated after the OSDH extension of COVID-19 temporary emergency procedures related to submission of claims was terminated by OMES on January 1, 2021; however, OSDH did not appropriately complete Form 15A and/or scan all applicable supporting documentation for the claim (packing slip/receiving documents, invoice, support for the invoice, etc.) into the Statewide Accounting System prior to paying the claim.
- For 23 of 279 or 8.24% of claims tested, the claim is dated between March 1, 2020 and December 30, 2020; however, appropriate procedures were not followed per the COVID-19 revised claim approval procedures. OSDH did not appropriately complete Form 15A and/or scan all applicable supporting documentation for the claim (packing slip/receiving documents, invoice, support for the invoice, etc.) into the SAS timely and /or, the supporting documentation was incomplete.
- For 35 of 279 or 12.54% of claims tested, OSDH did not provide the contract or purchasing agreement and/or the approved Purchase Order and we were unable to determine if the appropriate purchasing requirements were followed and/or we were unable to determine if the claim agreed with the contract or purchasing agreement (i.e. price, quantity, hourly rates, make and model, etc.) indicating that the claim was properly reviewed and approved.
- For 37 of 279 or 13.26% of claims tested, the details of the claim (account, amount, date, fiscal year, vendor, etc.) were not properly posted to the Statewide Accounting System.

Cause: Due to the public health threat of COVID-19, normal purchasing procedures were relaxed in an effort to make emergency purchases and OSDH does not have adequate internal control policies and procedures designed, implemented, and effectively operating to ensure:

- payments are not duplicated
- Payments are made only after products have been provided or services rendered
- Documentation to support proper review and approval of purchases is maintained
- Proper segregation of activities is maintained
- Purchasing documents, packing slips, claim approval emails, and other supporting documentation for claims paid is maintained

OSDH implemented a PPE Tracking Database to track PPE purchases. However, they did not consistently record the appropriate information in the database, and did not include invoice and purchase numbers, which made it very difficult to determine which items had actually been delivered.

OSDH also did not adequately reconcile payments made to vendors with the items/services actually received.

Effect: Payments may have been made to vendors for products or services that were not received.

Inadequate internal control policies and procedures over the purchasing process and record retention could result in a failure to adequately vet vendors prior to contacting for goods /services, overpayments to vendors, increased risk of misappropriation of assets or fraudulent activity, and an inability to comply with audit requirements.

Recommendation: We recommend the OSDH:

- develop policies and procedures to identify and prevent duplicate payments
- respond to audit requests promptly and consistently to facilitate the audit process.
- evaluate their documentation preparation and retention process and make the appropriate adjustments to ensure that future documents are properly prepared and retained
- ensure purchasing procedures are adequately segregated even under an emergency order
- comply with the governing policies and procedures for state financial transactions.

Agency Management Response: Management concurs with the finding. Please see the OSDH corrective action plan located in the corrective action plan section of the report.

Reference Number: 21-340-041 (Repeat #20-340-016)
State Agency: Oklahoma State Department of Health (OSDH)

Fund Type: General Fund
Other Information: Miscellaneous Expenditures

Criteria: The Government Accountability Office (GAO) Standards for Internal Control in the Federal Government 10.03 states, in part, "Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded."

The Government Accountability Office (GAO) Standards for Internal Control in the Federal Government 10.03 states, in part, "Management designs appropriate types of control activities for the entity's internal control system. Control activities help management fulfill responsibilities and address identified risk responses in the internal control system. … Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event."

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62 O.S. § 34.11 states in part, "The Division of Central Accounting and Reporting shall be responsible for accounting and auditing duties and the auditing and settlement of purchase orders, contracts, claims, payrolls, and other obligations. … . At the request of a state agency, assist in establishing standards, policies and procedures that ensure a strong and effective system of internal controls and regular monitoring of them; …."

According to OMES website, "OMES' Division of Central Accounting and Reporting, directed by the state comptroller, is responsible for establishing the policies and procedures for state financial transactions and for executing those transactions in accordance with various state statutes, federal regulations and governmental accounting and reporting standards."

Governor's Executive Order 2020-07 issued March 15, 2020, states in part… "State agencies, in responding to this emergency, may make necessary emergency acquisitions to fulfill the purposes of this declaration without regard to limitations or bidding requirements on such acquisitions to include the use of the state purchase card. Such necessary emergency purchases shall be capped at $250,000.00 per transaction. All such purchases must be readily identifiable as such, as following the conclusion of this threat, all such necessary emergency acquisitions will be audited to determine if they were made for emergency purposes…."

62 O.S. §34.57(E)(1) Agency clearing accounts – Deposits – Transfers – Exemptions states in part… "no money shall ever be disbursed from the agency clearing account for any other purpose, except in refund of erroneous or excessive collections and credits."

The Statewide Accounting Manual section 8.33 Disbursements from Clearing Accounts states in part, "No money shall ever be disbursed from any Agency Clearing Account class funding, except for refund of erroneous or excessive collections, credits and payment of sales tax to the Oklahoma Tax Commission (OTC), and manual disbursement of EFT returns… . Agencies should have internal controls in place that prevent any warrants from clearing accounts other than the approved disbursements discussed in this section."

Though transfers and disbursements from the agency's clearing accounts are restricted per 62 O.S. 34.57(E)(1), the Governor's Executive Order 2020-07 states in part: "the State Emergency Operations Plan has been activated, and resources of all State departments and agencies available to meet this emergency are hereby committed to the reasonable extent necessary to prepare for and respond to COVID-19 and to protect the health and safety of the public. These efforts shall be coordinated by the Director of the Department of Emergency Management with comparable functions of the federal government and political subdivision of the State."

O.S. 74 §74-85.44B. Payment for goods or services pursuant to contract states in part, "Payment for products or services pursuant to a contract executed by a state agency, whether or not such state agency is subject to the Oklahoma Central Purchasing Act, Section 85.1 et seq. of this title, shall be made only after products have been provided or services rendered…."

The Statewide Accounting Manual section 13.8 Record Retention states, … "All agencies are required to retain a copy of accounting records, including GAAP conversion packages and financial reporting packages for three years after completion of the audit of the State of Oklahoma."

***Condition**:* We identified 16 electronic wire transfers totaling $18,166,450 made from OSDH's clearing account during SFY 2021, of which 15 wire transfers totaling $11,152,460 were for COVID-19 related supplies or services and one (1) wire transfer totaling $7,013,990 was for a non-COVID-19 related purchase of an office building.

During a review of each electronic wire transaction and the corresponding documentation, we noted the following internal control issues:

- 9 of 16 or 56.25% of wire payments were for COVID-19 related supplies; however, the purchase price exceeded the $250,000 limit from Executive Order 2020-07 issued by Kevin Stitt, Oklahoma Governor.
- For one of 16 or 6.25% of transactions tested, the transaction was not for COVID-19 related supplies and may not constitute an emergency purchase and, the purchase price exceeded the $250,000 limit from the Executive Order 2020-07 issued by Kevin Stitt, Oklahoma Governor.
- The purchasing documentation (requisition, purchase order, contract (if applicable), invoice, receiving slips, etc) did not support the purchase for 13 of 16 or 81.25% of transactions tested. Specifically:
    - The packing slips/receiving documentation was missing for 10 of 16 or 62.50% of transactions totaling $8,728,867. For 2 of the 10 claims, we also noted the goods did not appear to be listed on OSDH's PPE tracking database.
    - The invoice for COVID-19 testing was not supported by documentation indicating that all invoiced tests had been reconciled to the detailed support of individual tests performed for 3 of 16 or 18.75% of transactions tested.
- The purchasing documentation was not properly reviewed and approved for 14 of 16 or 87.50% of transactions tested.
- The correct account was not recorded for 1 of 16 or 6.25% of transactions tested.

Cause: Due to the public health threat of COVID-19, normal purchasing procedures were relaxed in an effort to make emergency purchases; however, OSDH did not have a comprehensive emergency procurement policy or procedure in place prior to the COVID-19 emergency, greatly increasing the state's risk for fraud, waste, and loss of funds. The OSDH did not have adequately designed and implemented controls to ensure:

- Purchasing procedures were adequately segregated.
- Purchasing documentation was properly reviewed and approved.
- Purchasing documents, packing slips, claim approval emails, and other supporting documentation for claims paid was properly maintained and retained.
- Payments made to vendors were adequately reconciled with the items/services actually received.
- Emergency purchase amounts did not exceed the $250,000 cap per transaction
- As the Governor's executive orders provided, normal purchasing procedures were relaxed in an effort to purchase PPE supplies as quickly as possible. Due to the supply and demand of PPE, the normal purchasing procedure of issuing payment by warrant was not acceptable for some vendors. Instead, they required electronic wire deposits or pre-payment for supplies at the time the order was placed, or that supplies be paid for by electronic wire transfer once they were shipped from the warehouse, or in some instances when the supplies were received by OSDH.

In addition, the invoice number and purchase order number were not documented on the PPE Tracking Database making it very difficult to determine what items had actually been delivered. OSDH did not have adequate inventory controls in place that would provide reasonable assurance that goods received are accurately recorded in the system.

Effect: Payments may have been made to vendors for products or services that were not received. In addition, because the PPE tracking was incomplete and unreliable, there was no accountability for the disposition of the items/services purchased after they were received.

Transaction amounts exceeded the allowable amount per the Executive Order.

Inadequate policies and procedures over the purchasing process and record retention could result in a failure to adequately vet vendors prior to contracting for goods /services, possible overpayments to vendors, increased risk of misappropriation of assets or fraudulent activity and, an inability to comply with audit requirements.

Recommendation: We recommend OSDH evaluate their documentation preparation and retention process and make the appropriate adjustments to ensure that future documents are properly prepared, approved and retained, and comply with the governing policies and procedures for state financial transactions.

We also recommend that OSDH have emergency procurement policies and procedures as part of their overall Continuity of Operations Plan which ensures:

- Purchasing procedures are adequately segregated at the agency level.
- Items purchased are appropriately accounted for when received.
- The disposition of inventory is appropriately tracked and monitored.
- Contracted services are appropriately performed prior to payment and,
- Contracts are appropriately monitored.

Agency Management Response: Management concurs with the finding. Please see the OSDH corrective action plan located in the corrective action plan section of the report.

End of Financial Statement Findings

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Note: Findings are presented alphabetically by state agency

STATE OF OKLAHOMA – CARES FORWARD

FINDING NO: 2021-072
STATE AGENCY: State of Oklahoma
FEDERAL AGENCY: US Department of the Treasury
ALN: 21.019
FEDERAL PROGRAM NAME: Coronavirus Relief Fund (CRF)
FEDERAL AWARD YEAR: 2021
CONTROL CATEGORY: Subrecipient Monitoring

Criteria: 2 CFR § 200.303 - *Internal controls* states in part, "The Non-Federal entity must*:* (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award."

2 CFR § 200.332 - *Requirements for pass-through entities* states in part, "All pass-through entities must:

(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and

that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:

(1) Reviewing financial and performance reports required by the pass-through entity.

(2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.

(3) Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by § 200.521 Management decision.

(f) Verify that every subrecipient is audited as required by Subpart F—Audit Requirements of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in § 200.501 Audit requirements."

31 CFR § 35.9 *Compliance with applicable laws states*, "A recipient must comply with all other applicable Federal statutes, regulations, and executive orders, and a recipient shall provide for compliance with the American Rescue Plan Act, this subpart, and any interpretive guidance by other parties in any agreements it enters into with other parties relating to these funds."

Condition and Context: While performing Coronavirus Relief Fund (CRF) testwork for subrecipient monitoring on the 19 subrecipients that had modified accrual expenditures for state fiscal year 2020, we determined that the State of Oklahoma - CARES Forward team did not have adequate procedures in place to determine whether subrecipients had expended over $750,000 in total Federal funds to require a 2020 Single Audit. As a result of the lack of Single Audit tracking, the State of Oklahoma – CARES Forward team was unaware of which subrecipients needed a Single Audit; therefore, they were unable to identify deficiencies in the report and ensure management provided proper follow-up on those deficiencies.

Cause: The State of Oklahoma CARES Forward team did not have sufficient processes or internal controls in place to ensure subrecipients are monitored for a Single Audit in accordance with 2 CFR § 200.332(d)(f).

Effect: Without a process to ensure subrecipients are effectively monitored, subrecipients and the State of Oklahoma are at risk of being out of compliance with Federal statutes, regulations, and the terms and conditions for the Federal award.

Recommendation: We recommend the State of Oklahoma – CARES Forward team develop and implement the necessary processes and procedures to ensure all subrecipients are monitored in accordance with 2 CFR § 200.332(d)(f).

Views of Responsible Official(s)
Contact Person: Brandy Manek
Anticipated Completion Date: Plan implemented in June 2021 and is ongoing
Corrective Action Planned: The State of Oklahoma CARES FORWARD team partially agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

Auditor Response: The severity of the finding was based on the State of Oklahoma CARES FORWARD team not tracking any of the 19 subrecipients per the 2020 Schedule of Expenditures of Federal Awards (SEFA). As a result, the State of Oklahoma CARES FORWARD team was unable to determine in a timely manner which entities needed a Single Audit report, and which entities had findings that required follow-up.

FINDING NO: 2021-080
STATE AGENCY: State of Oklahoma
FEDERAL AGENCY: US Department of Treasury
ALN: 21.023
FEDERAL PROGRAM NAME: Emergency Rental Assistance (ERA)
FEDERAL AWARD NUMBER: ERA0028
FEDERAL AWARD YEAR: 2021

CONTROL CATEGORY: Activities Allowed/ Allowable Costs; Eligibility; Period of Performance; Subrecipient Monitoring
QUESTIONED COSTS: $1,637,765

Criteria: U.S Department of the Treasury Emergency Rental Assistance Grantee Award Form (8) (a-b) Compliance with Applicable Law and Regulations, states in part, "a. Recipient agrees to comply with the requirements of Section 501 and Treasury interpretive guidance regarding such requirements. Recipient also agrees to comply with all other applicable federal statutes, regulations, and executive orders, and Recipient shall provide for such compliance in any agreements it enters into with other parties relating to this award. b. Federal regulations applicable to this award include, without limitation, the following: 1. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. Part 200, other than such provisions as Treasury may determine are inapplicable to this Award and subject to such exceptions as may be otherwise provided by Treasury."

2 CFR § 200.303(a) – *Internal Controls* states in part, "The Non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award."

The Consolidated Appropriations Act § Section 501 (c)(5) Use of Funds - Administrative Costs states in part, "A. IN GENERAL.- Not more than 10 percent of the amount paid to an eligible grantee under this section may be used for administrative costs attributable to providing financial assistance and housing stability services under paragraphs (2) and (3), respectively, including for data collection and reporting requirements related to such funds. B. No OTHER ADMINISTRATIVE COSTS.- Amounts paid under this section shall not be used for any administrative costs other than to the extent allowed under subparagraph (A)"

The US Department of Treasury Emergency Rental Assistance (ERA 1) Award terms states in part, "4. Administrative costs.

a. Recipient may use funds provided to the Recipient to cover both direct and indirect costs.
b. The total of all administrative costs, whether direct or indirect costs, may not exceed 10 percent of the total amount of the total award."

The US Department of Treasury Emergency Rental Assistance (ERA) FAQ #10. *Is there a limit on how many months of financial assistance a tenant can receive*, states in part, "Yes. In ERAl, an eligible household may receive up to twelve (12) months of assistance (plus an additional three (3) months if necessary to ensure housing stability for the household, subject to the availability of funds)."

The US Department of Treasury Emergency Rental Assistance (ERA) FAQ #29 *What are the applicable limitations on administrative expenses*, states in part, "Under ERAl, not more than 10 percent of the amount paid to a grantee may be used for administrative costs attributable to providing financial assistance and housing stability services to eligible households. Under ERA2, not more than 15 percent of the amount paid to a grantee may be used for administrative costs attributable to providing financial assistance, housing stability services, and other affordable rental housing and eviction prevention activities."

2 CFR § 200.334 – Retention requirements for records state in part, "Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient."

2 CFR § 200.337 Access to records states in part, "(a) Records of non-Federal entities. The Federal awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives, must have the right of access to any documents, papers, or other records of the non-Federal entity which are pertinent to the Federal award, in order to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the non-Federal entity's personnel for the purpose of interview and discussion related to such documents."

Condition and Context: While documenting controls over subrecipient program and administrative expenditures for the ERA program, we noted that the State of Oklahoma - CARES Forward team did not review any supporting documentation related to actual program expenditures for rental and utility assistance or housing stability activities or administrative expenditures actually incurred by the subrecipients and did not require that subrecipients submit supporting documentation for actual program and administrative expenditures incurred.

While reviewing 63 of 12,877 ERA applications for rental and utility assistance, we noted the following:

- For three of 63 (4.76%) applications tested, the applications were approved even though supporting documentation did not agree to information in the application, and some documents did not appear to be legitimate and/or amounts appeared unreasonable. While one of the three applications was not ultimately paid, two of the three applications were paid and not recouped, resulting in overpayments of $65,858 for fraudulent applications. We questioned these costs.
- For four of 63 (6.35%) applications tested, the amount paid did not agree with the supporting documentation and was calculated incorrectly resulting, in $1,371 in overpayments and $29,820 in projected noncompliance. We questioned $255 that was not already included in the overpayments listed under bullet #1.
- For one of 63 (1.59%) applications tested, the amount paid included arrears in the amount of $716 accrued prior to March 13, 2020, the date of the emergency declaration pursuant to section 501(b) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C 5191(b). We questioned these costs; however, the amount was already included in the overpayments listed under bullet #1.

While reviewing ERA administrative expenditures, we noted the following:

- One subrecipient charged the ERA grant $2,000,000 in unallowable management fees that were not attributable to providing financial assistance and housing stability services under the ERA program. We questioned $1,563,028 of these costs that were allocated to the State of Oklahoma ERA1 grant.
- SAI reviewed 88 of 171 non-payroll administrative payments recorded by one subrecipient and charged to the ERA grant and noted the following:
    - 4 of 88 (4.55%) claims in the amount of $3,951 were duplicate payments for items already reimbursed on other reimbursement claims. We questioned $2,959 of these costs that were allocated to the State of Oklahoma ERA1 grant.
    - 19 of 88 (21.59%) payments in the amount of $7,565 appear to be for unallowable costs including entertainment, gifts, gift cards, inappropriate bonuses, and personal items. We questioned $5,665 of these costs that were allocated to the State of Oklahoma ERA1 grant.
    - One reimbursement request was submitted and paid prior to the date on the supporting invoice.

Additionally, the percentage of actual administrative costs charged to the ERA1 grant represents 131% of the actual ERA1 program assistance payments. While administrative costs can be more than 10% during the grant period, it appears that OMES is not tracking the actual administrative costs vs. actual program costs.

Cause: State of Oklahoma - CARES Forward team personnel responsible for oversight of the ERA grant do not normally oversee Federal grant programs, and do not have adequate experience with administering Federal grant funds and understanding the types of activities that may be supported by the ERA grant.

State of Oklahoma - CARES Forward team did not establish and maintain effective internal control over the Federal award that provides reasonable assurance that OMES is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

State of Oklahoma - CARES Forward team did not ensure that subrecipients establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

State of Oklahoma - CARES Forward team provided subrecipients advance payments based off expected program rental and utility expenditures for the month, and then paid the subrecipients a set rate of 9.3% of program funds advanced for administrative costs instead of paying administrative costs on a reimbursement basis for administrative charges actually incurred by the subrecipient and attributable to providing financial assistance and housing stability services under the ERA program.

Purchasing processes are not adequately segregated at the subrecipient level. The contracted Executive Director and the contracted Chief Operating Officer for one subrecipient appear to have approved their own reimbursement claims, including the duplicate claims cited above, as they were both the submitter and authorizer on the claims and no other approval is documented. In addition, the Executive Director and the Chief Operating Officer used personal credit cards for numerous purchases when the subrecipient had purchase cards available.

Effect: Failure to properly review expenditures during the award resulted in unallowable costs being charged to the federal awards. State of Oklahoma - CARES Forward team failure to review the actual administrative charges incurred by one subrecipient resulted in an excess of $1.5 million in unallowable administrative fees being paid with ERA funds as of the end of SFY21. This failure to review administrative expenditures on an on-going basis may result in millions more of unallowable administrative charges being incurred by the subrecipient as ERA expenditures are substantially more in the subsequent audit period compared to the current audit period.

Failure to secure adequate supporting records from the subrecipient leads to increased risk that documentation may not be properly retained and available for monitoring and audit purposes.

Recommendation: We recommend that the State of Oklahoma - CARES Forward team develop and implement internal controls to ensure that it administers current and future ERA grants in accordance with applicable Federal laws and grant requirements, including ensuring that grant subrecipients are properly informed of federal requirements related to allowable costs and, that subrecipients have established effective internal control over the Federal award to provide reasonable assurance that the subrecipient is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

We recommend that the State of Oklahoma - CARES Forward team ensure adequate supporting documentation for actual program and administrative expenditures incurred is obtained, reviewed, and maintained by the State of Oklahoma - CARES Forward team in order to ensure subrecipients only expend ERA funds for allowable costs.

We recommend that the State of Oklahoma - CARES Forward team only reimburse subrecipients for administrative costs based on supporting documentation for actual costs incurred rather than make advance payments for a set percentage of program funds advanced.

We also recommend that the State of Oklahoma - CARES Forward team develop and implement internal controls to ensure that subrecipient records are available for inspection for monitoring and other audit purposes as required.

Views of Responsible Official(s)
Contact Person: Brandy Manek
Anticipated Completion Date: Plan implemented in June 2021 and is ongoing
Corrective Action Planned: The State of Oklahoma – CARES Forward Team partially agrees with this finding. Please see the corrective action plan located in the corrective action plan section of this report.

Auditor Response: SAI would like to stress that the State of Oklahoma - CARES Forward team has not provided an adequate corrective action to address the major issues outlined in this finding.

FINDING NO: 2021-081
STATE AGENCY: State of Oklahoma
FEDERAL AGENCY: US Department of Treasury
AL NO: 21.023
FEDERAL PROGRAM NAME: Emergency Rental Assistance (ERA)
FEDERAL AWARD NUMBER: ERA0028
FEDERAL AWARD YEAR: 2021
CONTROL CATEGORY: Subrecipient Monitoring

Criteria: U.S Department of the Treasury Emergency Rental Assistance Grantee Award Form (8) (a-b) Compliance with Applicable Law and Regulations, states in part, "

a. Recipient agrees to comply with the requirements of Section 501 and Treasury interpretive guidance regarding such requirements. Recipient also agrees to comply with all other applicable federal statutes, regulations, and executive orders, and Recipient shall provide for such compliance in any agreements it enters into with other parties relating to this award.
b. Federal regulations applicable to this award include, without limitation, the following:
    i. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. Part 200, other than such provisions as Treasury may determine are inapplicable to this Award and subject to such exceptions as may be otherwise provided by Treasury. Subpart F -Audit Requirements of the Uniform Guidance, implementing the Single Audit Act, shall apply to this award…
    iii. Reporting Subaward and Executive Compensation Information, 2 C.F.R. Part 170, pursuant to which the award term set forth in Appendix A to 2 C.F.R. Part 170 is hereby incorporated by reference.

2 CFR § 200.303(a) – Internal Controls states in part, "The Non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award."

2 CFR § 200.332 Requirements for pass-through entities states in part, "All pass-through entities must:
(a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:
(1) Federal Award Identification.
(i) Subrecipient name (which must match the name associated with its unique entity identifier);
(ii) Subrecipient's unique entity identifier;
(iii) Federal Award Identification Number (FAIN);
(iv) Federal Award Date (see § 200.39 Federal award date) of award to the recipient by the Federal agency;
(v) Subaward Period of Performance Start and End Date;
(vi) Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient;
(vii) Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current obligation;
(viii) Total Amount of the Federal Award committed to the subrecipient by the pass-through entity;
(ix) Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
(x) Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity;
(xi) CFDA Number and Name; the pass-through entity must identify the dollar amount made available under each Federal award and the CFDA number at time of disbursement;
(xii) Identification of whether the award is R&D; and
(xiii) Indirect cost rate for the Federal award (including if the de minimis rate is charged per § 200.414 Indirect (F&A) costs)."
(2) All requirements imposed by the pass-through entity on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award;
(3) Any additional requirements that the pass-through entity imposes on the subrecipient in order for the pass-through entity to meet its own responsibility to the Federal awarding agency including identification of any required financial and performance reports; …

(b) evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring, which may include consideration of such factors as:
(1) The subrecipient's prior experience with the same or similar subawards;

(2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F - Audit Requirements of this part, and the extent to which the same or similar subaward has been audited as a major program;
(3) Whether the subrecipient has new personnel or new or substantially changed systems; and
(4) The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency). …

(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include: …
(2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and written confirmation from the subrecipient, highlighting the status of actions planned or taken to address Single Audit findings related to the particular subaward. …

(f) Verify that every subrecipient is audited as required by Subpart F of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in § 200.501."

2 CFR § 200.334 – Retention requirements for records states in part, "Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient."

2 CFR § 200.337 Access to records states in part, "(a) Records of non-Federal entities. The Federal awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives, must have the right of access to any documents, papers, or other records of the non-Federal entity which are pertinent to the Federal award, in order to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the non-Federal entity's personnel for the purpose of interview and discussion related to such documents."

Condition and Context: The State of Oklahoma - CARES Forward team entered into agreements with two non-profit entities to administer the ERA program for the State of Oklahoma: Communities Foundation of Oklahoma (CFO) and Restore Hope Ministries (RHM). SAI reviewed the agreements for these two entities and determined that both agreements constituted a subrecipient relationship that would be subject to Part M Subrecipient Monitoring requirements. We noted that the State of Oklahoma - CARES Forward team (referred to as "the State" hereafter) failed to perform any required subrecipient monitoring activities, specifically:

- The State did not provide the subrecipients with appropriate documentation to identify the required Federal award identification information per 2 CFR section 200.331(a)(1).
- The State did not perform a risk assessment that met the compliance requirements. The risk assessment performed did not include any assessment of the risks related to the payments made by the subrecipient for rental, utility, and administrative payments, and it was not designed to identify transactions or types of payments at higher risk and then identify additional monitoring procedures to address those risks.
- The State did not perform any during the award monitoring activities with regard to the rental and utility applications, housing stability and payments approved and paid by the subrecipients, or the administrative expenditures actually incurred by the subrecipients. The State provided subrecipients advance payments based off expected program rental and utility expenditures for the month and then paid administrative costs on a set percentage of program funds advanced. The State did not review any supporting documentation related to actual program expenditures for rental and utility assistance, housing stability activities, or administrative expenditures actually incurred by the subrecipients. While the State did obtain summary information related to rental and utility payments and housing stability payments made for reporting

purposes, the State did not review any actual administrative expenditures to ensure that the administrative costs were attributable to providing financial assistance and housing stability services to eligible households.

The State provided in excess of $750,000 in Federal funds to both CFO and RHM during SFY 21; however, the State did not have a process for identifying and tracking the total amount of federal funds received by subrecipients and notifying the subrecipients of the Single Audit requirements and date the audit would be due.

The State did not obtain any financial records and supporting documents from the subrecipients that would support the actual expenditures incurred by the subrecipients.

Cause: The State did not establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award; and adequate subrecipient monitoring policies and procedures had not been established by the State prior to entering into agreements with subrecipients.

State of Oklahoma – CARES Forward team personnel responsible for oversight of the ERA grant do not normally oversee Federal grant programs and, do not have adequate experience with administering Federal grant funds and understanding the types of activities that may be supported by the ERA grant.

Effect: The subrecipients may not be in compliance with the award terms and there is an increased risk of mismanagement and fraud by the subgrantees.

Unallowable costs were charged to the federal awards. The States' failure to review the actual administrative charges incurred by one subrecipient resulted in an excess of 1.5 million in unallowable administrative fees being paid with ERA funds as of the end of SFY21. This failure to monitor administrative expenditures on an on-going basis may result in millions more of unallowable administrative charges being incurred by the subrecipient.

Recommendation: We recommend that the State develop and implement internal controls to ensure:

- each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward is appropriately evaluated for monitoring purposes.
- current and future ERA grants are administered in accordance with applicable Federal laws and grant requirements, including ensuring that grant subrecipients are provided the proper award documentation.
- adequate supporting documentation for actual program and administrative expenditures incurred is obtained, reviewed, and maintained by the State in order to ensure subrecipients are only expending ERA funds for allowable costs.
- subrecipients are reimbursed for administrative costs based on supporting documentation for actual costs incurred rather than making advance payments for a set percentage of program funds advanced.
- subrecipient records are available for inspection for monitoring and other audit purposes as required.

Views of Responsible Official(s)
Contact Person: Brandy Manek
Anticipated Completion Date: Plan implemented in June 2021 and is ongoing
Corrective Action Planned: The State of Oklahoma – CARES Forward Team partially agrees with this finding. Please see the corrective action plan located in the corrective action plan section of this report.

Auditor Response: The agency response states, …"Due to staffing changes, there was a short lag during the switch to outsourced monitoring." SAI notes that the outsourced contract related to ERA program subrecipient monitoring was not signed until December 2, 2021, eight months after the program was implemented by which time, the total expenditures for the program had reached approximately $108,000,000.

SAI would like to stress that the State of Oklahoma - CARES Forward team has not provided an adequate corrective action to address the major issues outlined in the finding, especially with regard to the following:

- Risk assessment activities to identify transactions or types of payments at higher risk and the identification of additional monitoring procedures to address those risks.
- During the award monitoring activities that include obtaining and reviewing the supporting documentation related to actual program expenditures for rental and utility assistance, housing stability activities, and administrative expenditures.

Please also see Audit Finding # 2021-080 related to unallowable costs and additional subrecipient monitoring issues.

FINDING NO: 2021-084
STATE AGENCY: State of Oklahoma
FEDERAL AGENCY: US Department of the Treasury
ALN: 21.019
FEDERAL PROGRAM NAME: Coronavirus Relief Fund (CRF)
FEDERAL AWARD NUMBER: N/A
FEDERAL AWARD YEAR: 2021
CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Period of Performance; Subrecipient Monitoring
QUESTIONED COSTS: $921,299

Criteria: 2 CFR §200.303 - *Internal controls* states in part, "The *Non-Federal* entity must*: (*a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award."
2 CFR §200.332 - *Requirements for pass-through entities* states in part, "All pass-through entities must:

(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:
(1) Reviewing financial and performance reports required by the pass-through entity.
(2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.
(3) Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by §200.521 Management decision.

The Department of the Treasury Federal Register, Vol. 86, No. 10 from January 15, 2021 states in part, "The CARES [Coronavirus Aid, Relief, & Economic Security Act] Act provides that payments from the Fund may only be used to cover costs that— 1. are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19); 2. were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government; and 3. were incurred during the period that begins on March 1, 2020 and ends on December 31, 2021."

The Department of the Treasury Federal Register, Vol. 86, No. 10 further states, "…for a cost to be considered to have been incurred, performance or delivery must occur during the covered period but payment of funds need not be made during that time."

Condition and Context: Per the GAAP Package Z - Schedule of Expenditures of Federal Awards (SEFA), the State of Oklahoma reported $259,523,859 in CRF cash basis expenditures reimbursed to subrecipients by the CARES FORWARD[1] team. We tested reimbursements made to a sample of 60 subrecipients (including Projects that were scored prior to award and non-Projects) totaling $108,096,647 and noted the following:

[1] Governor Kevin Stitt established CARES FORWARD to administer CRF. This team is made up of various cabinet secretaries and state employees who have an expertise in state government, finance, and federal awards.

- Seventeen (17) subrecipients totaling $9,695,166.57 lacked adequate supporting documentation to show the goods or services were received/performed prior to reimbursement. In addition, CARES FORWARD was able to obtain further support from nine subrecipients to demonstrate that the goods or services had been received. However, questioned costs remain for eight (8) subrecipients in the amount of $162,524.99 where additional support was not obtained by CARES FORWARD.
- Thirteen (13) subrecipients totaling $16,484,466.89 lacked payroll system reports to support the reimbursement requests that were paid. By not having system payroll reports we were unable to validate the employees, payroll period(s), and/or department codes to ensure the costs were for public health services, prior to reimbursement. However, CARES FORWARD was able to contact the subrecipients and obtain further support to demonstrate that the majority of payroll costs were valid. However, questioned costs remain for six (6) subrecipients in the amount of $363,385.89 where additional payroll support was not obtained by CARES FORWARD.
- Two (2) subrecipients requested fee reimbursements totaling $149,627.07 due to cancellation of activities (revenue replacement). Revenue replacement is not a necessary expenditure incurred under the public health emergency; therefore, we will question the full amount.
- Four (6) subrecipient were reimbursed for expenses totaling $ 267,520.74 that do not appear to be for necessary COVID-19 public health emergency costs or were already accounted for in the budget. However, CARES FORWARD was able to obtain further support from one subrecipient to demonstrate the COVID-19 relevance of the transactions. As a result, we are questioning $245,761.06 for the five (5) subrecipients where adequate support was still not obtained.
- One subrecipient did not have a risk assessment completed prior to payments being dispersed.
- For one (1) subrecipient project, we received no supporting documentation indicating it was scored and approved by the steering committee or approved by the Governor.

Cause: The CARES FORWARD team failed to review detailed transactions at the time of reimbursement to ensure the costs were for a necessary COVID-19 expenditure due to the public health emergency. Adequate controls were not in place for the subrecipient monitoring/reimbursement process utilized by the CARES FORWARD team to ensure costs were allowable in accordance with federal regulations.

Effect: The CARES FORWARD team may have reimbursed unallowable costs by not performing an adequate review of the supporting documentation and instead relying on the attestation & reimbursement request as their support. Also, the State of Oklahoma may have utilized CRF to pay for products/services that were not received/performed. Lastly, without a process to ensure that items were received, services were performed, and costs were allowable, the State of Oklahoma is at risk of being out of compliance with Federal statutes, regulations, and the terms and conditions for the Federal award.

Recommendation: We recommend that the CARES FORWARD team design and implement appropriate controls to ensure expenditures are incurred, per the Department of Treasury guidance, prior to reimbursement approval. Additionally, we recommend CARES FORWARD review all approved reimbursements and ensure that the relevant supporting documentation is present to support allowability of the expenditure, and to prevent potential recoupment by the Department of the Treasury.

Views of Responsible Official(s)
Contact Person: Brandy Manek
Anticipated Completion Date: Plan implemented in June 2021 and is ongoing
Corrective Action Planned: The State of Oklahoma CARES FORWARD team partially agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

Auditor Response: The State of Oklahoma CARES FORWARD team stated the city/county grant program was designed to quickly get money to Oklahoma communities in the grip of the pandemic in order to reimburse them for expenditures, which would then allow them to more strategically deal with their immediate and future needs to combat COVID. Also, the CARES FORWARD team stated they tried to ease the administrative burden on cities and counties by asking for basic information; proof of purchase, payroll reports, etc. As a result, each city/county subrecipient was required to provide an attestation for every financial activity (reimbursement request). The issue our office had was

for most every subrecipient reimbursement we audited, the support either didn't match the reimbursement, or the support was so vague there was no way to determine if the cost was for a necessary expenditure incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19). We feel a more detailed review needed to have occurred ***at the time of reimbursement***.

FINDING NO: 2021-085
STATE AGENCY: State of Oklahoma
FEDERAL AGENCY: U.S. Department of the Treasury
ALN: 21.019
FEDERAL PROGRAM NAME: Coronavirus Relief Fund (CRF)
FEDERAL AWARD NUMBER: N/A
FEDERAL AWARD YEAR: 2021
CONTROL CATEGORY: Reporting
QUESTIONED COSTS: $0

Condition and Context: While performing testwork on the quarterly Financial Progress Report (FPR) for Cycle 1 (3/1/20-6/30/20 but reported in SFY 2021) and Cycle 5 (4/1/21-6/30/21), we noted the following issues:

- A detailed list of projects and/or activities were present for the two quarterly reports including Project Name, Project Identification Number, Description, and Status. However, when the CARES FORWARD team reported transactions, they recorded all obligations and payments under the payee's name of Executive Office of the State of Oklahoma. As a result, the FPR's do not show the amount of funds that were obligated or expended for each project or activity.
- The Amount of $95,781.52 was returned to the State of Oklahoma and the correction or adjustment was made to the Aggregate Direct <$50,000 section of the report. However, this amount was for funds reclaimed by the CARES FORWARD team from the Tourism re-marketing Campaign which was recorded as part of the Direct Payments >$50,000 amount in a previous report.

Cause: The CARES FORWARD team reported obligations and expenditures based on the funds being transferred from the Oklahoma State Treasurer to the Executive Office of the State of Oklahoma, and not when the funds were obligated or expended by an entity other than the State of Oklahoma.

Effect: The report captured obligations and expenditures between two components of the state; therefore, we were unable to verify the detailed obligations and expenditures on any contracts, grants, transfers, or direct payments made by the prime recipient that are greater than $50,000. However, we were able to verify per the Cycle 5 report as of June 30, 2021, that the cumulative expenditures reported per FPR was accurate per the State of Oklahoma expenditure reports.

Recommendation: We recommend the State of Oklahoma strengthen reporting controls by ensuring all payments over $50,000 (contracts, grants, transfers, and direct payments) that are obligated or expended for Cycle 10 are tracked by individual project or activity.

Criteria: 2 CFR §200.303 - *Internal controls* states in part, "The Non-Federal entity must*:* (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award."

Department of the Treasury Office of Inspector General OIG-CA-20-028R from March 2, 2021 states in part:
"6. If the prime recipient obligates funds to an entity that provides a public service on behalf of the prime recipient but the prime recipient is not financially accountable, is the entity considered the prime recipient or a sub-recipient/beneficiary when funds obligated are $50,000 or more (e.g., discreetly presented component unit, quasi agency, etc.)?

> The entity is considered a sub-recipient/beneficiary of the prime recipient when funds obligated are $50,000 or more. The prime recipient must report funds obligated to a sub-recipient/beneficiary as obligations of the prime recipient. The prime recipient must report the related expenditures of the sub-recipient/beneficiary, including associated projects and expenditure categories, in the GrantSolutions portal. If the prime recipient obligated

less than $50,000 to the subrecipient/beneficiary, the prime recipient must report its obligations and the related expenditures of the sub-recipient/beneficiary in aggregate in the GrantSolutions portal.

19. What is an obligation?

    For purposes of reporting in the GrantSolutions portal, an obligation is a commitment to pay a third party with CRF proceeds based on a contract, grant, loan, or other arrangement.

20. What is an expenditure?

    For purposes of reporting in the GrantSolutions portal, an expenditure is the amount that has been incurred as a liability of the entity (the service has been rendered or the good has been delivered to the entity). As outlined in Treasury's Coronavirus Relief Fund Guidance for State, Territorial, Local, and Tribal Governments, performance or delivery must occur during the covered period (March 1, 2020 through December 31, 2021) in order for the cost to be considered incurred; payment of funds need not be made during that time (though it is generally expected that payment will take place within 90 days of a cost being incurred).

21. What is a project?

    A project is a grouping of related activities that together are intended to achieve a specific goal (e.g. building a temporary medical facility, offering an economic support program for small businesses, offering a housing support program, etc.)

28. What is a direct payment?

    A direct payment is a disbursement (with or without an existing obligation) to an entity that is not associated with a contract, grant, loan, or transfer to another government entity. If the direct payment is associated with an obligation, then the obligation and expenditure should be reported. If the direct payment does not involve a previous obligation, the direct payment will be recorded when the expenditure is incurred.

34. How should a reimbursable payment to a sub-recipient/beneficiary be reported?

    The prime recipient should first report the total expected obligation to the subrecipient/beneficiary. As reimbursements are made to the sub-recipient/beneficiary, the prime recipient should report the reimbursements as expenditures by expenditure category.

35. How should a lump sum payment to a sub-recipient/beneficiary be reported?

    The prime recipient must report the total obligation for the lump sum payment to the sub-recipient/beneficiary. As the sub-recipient/beneficiary uses the funds it received, the prime recipient is responsible for collecting and reporting on the uses as expenditures to the obligation by expenditure category.

36. What level of sub-recipient/beneficiary data will prime recipients be required to report?

    The prime recipient is required to report on the first sub-recipient/beneficiary level only. For example: The prime recipient enters into a grant with Entity A to provide assistance to small businesses. For reporting purposes, the prime recipient must report the details of the grant with Entity A as an obligation. As Entity A provides assistance to small businesses, the prime recipient must report the assistance provided as expenditures to the obligation. However, details on the identity of the small businesses that received funding are not required.

39. Is the $50,000 threshold on a project basis?

    No. The $50,000 threshold dictates the specific sub-recipient/beneficiary that must be identified by the prime recipient on a detailed basis rather than in an aggregate total for related obligations and expenditures, regardless of any projects.

40. What is the reporting structure? The reporting structure is as follows:

    A. Projects

    B. Obligations of $50,000 or more and related expenditures

        a. Contracts of $50,000 or more

            i. Obligations (individually reported) and links to projects, if applicable

            ii. Related expenditures (individually reported) and link to projects, if applicable

        b. Grants of $50,000 or more

            i. Obligations (individually reported) and link to projects, if applicable

            ii. Related expenditures (individually reported) and link to projects,

        c. Loans of $50,000 or more

            i. Obligations (individually reported) and link to projects, if applicable

            ii. Related expenditures (individually reported) and link to projects, if applicable

        d. Transfers to other government entities of $50,000 or more

            i. Obligations (individually reported) and link to projects, if applicable

            ii. Related expenditures (individually reported) and link to projects, if applicable

        e. Direct Payments of $50,000 or more

i. Obligations (individually reported) and link to projects, if applicable
ii. Related expenditures (individually reported) and link to projects, if applicable ."

Views of Responsible Official(s)
Contact Person: Brandy Manek
Anticipated Completion Date: Plan implemented in June 2021 and is ongoing
Corrective Action Planned: The State of Oklahoma CARES FORWARD team partially agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

Auditor Response: Based on the way the quarterly FPR's were completed, we had no way to tell how the State of Oklahoma CARES FORWARD team reported transactions, we had no way of telling what obligations and payments belonged to each project or activity.

FINDING NO: 2021-091
STATE AGENCY: State of Oklahoma
FEDERAL AGENCY: US Department of the Treasury
ALN: 21.019
FEDERAL PROGRAM NAME: Coronavirus Relief Fund (CRF)
FEDERAL AWARD NUMBER: N/A
FEDERAL AWARD YEAR: 2021
CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Period of Performance
QUESTIONED COSTS: $1,230 – COVID-19 vaccine testing (Condition and Context bullet 1) Due to a scope limitation for Nursing Home and Long-Term Care facilities we were unable to identify all questioned costs (Condition and Context bullet 2)

Criteria: 2 CFR §200.303 - *Internal controls* states in part, "The *Non-Federal* entity must*: (*a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award."

The Department of the Treasury Federal Register, Vol. 86, No. 10 from January 15, 2021 states in part, "The CARES [Coronavirus Aid, Relief, & Economic Security Act] Act provides that payments from the Fund may only be used to cover costs that— 1. are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19); 2. were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government; and 3. were incurred during the period that begins on March 1, 2020, and ends on December 31, 2021."

Treasury Federal Register, Vol. 86, No. 10 states, "… for a cost to be considered to have been incurred, performance or delivery must occur during the covered period but payment of funds need not be made during that time."

Treasury Federal Register, Vol. 86, No. 10, question B.13. states in part "… subrecipients would not include individuals and organizations (e.g., businesses, non-profits, or educational institutions) that are beneficiaries of an assistance program established using payments from the Fund."

Condition and Context: Per the GAAP Package Z - Schedule of Expenditures of Federal Awards (SEFA), the State of Oklahoma reported $850,796,969 in CRF cash basis expenditures transferred to state agencies during SFY21. Of this total, $418,519,378 was ***advanced*** to state agencies from CRF dollars by the CARES FORWARD[2] team. As a

[2] Governor Kevin Stitt established CARES FORWARD to administer CRF. This team is made up of various cabinet secretaries and state employees who have an expertise in state government, finance, and federal awards.

result of the funds being advanced, the testing of the CRF payment controls was performed at the agency level. We tested a sample of 65 advance transactions paid by state agencies totaling $146,946,706 and noted the following:

- For 4 claims tested, the reconciliation included with supporting documentation does not agree to the amount invoiced by vendor and paid by Oklahoma State Department of Health (OSDH) for COVID-19 testing claims. As a result, the unreconciled amount of $1,230 could potentially be an overpayment to the vendor. We are questioning this amount.

- For 5 of 10 Nursing Home and Long-Term Care facility claims tested, the resident counts per February 2020 census did not match the resident counts on the Nursing Home and Long-Term Care grant application. The grant application specified that the February 2020 census should be the resident counts reported to receive CRF funding. As a result, we were unable to determine if $29,512,040 (including 5 claim exceptions in our sample totaling $802,641) of $30,586,555 in beneficiary payments made to Nursing Home and Long-Term Care facilities were for the correct resident counts.

Cause: Proper reconciliation controls were not in place at OSDH, which allowed some payments for COVID-19 testing to be made prior to reconciling all COVID-19 tests. In addition, OSDH did not have adequate controls in place to verify patient counts per the Nursing Home and Long-Term Care grant applications, prior to payment. Lastly, the Centers for Medicare and Medicaid Services (CMS) issued guidance to suspend revalidation surveys and non-statutory recertification surveys to allow inspectors and facilities to focus on infection control and preparing for the COVID-19. OSDH did not resume surveying all facility types until June 1, 2020.

Effect: Payments may have been made to vendors for services that were not performed. In addition, without a process to ensure the Nursing Home and Long-Term Care facility counts were verified per the contract before beneficiary payments were made, the State is at risk of being out of compliance with Federal statutes, regulations, and the terms and conditions for the Federal award. Lastly, we are unable to determine if the majority of Nursing Home and Long-Term Care beneficiary payments were allowable due to the lack of patient verification.

Recommendation: We recommend that the OSDH design and implement appropriate controls to ensure all COVID-19 testing is reconciled prior to payment. In addition, we recommend that the OSDH design and implement appropriate controls to verify the number of patients on the Nursing Home and Long-Term Care grant applications, prior to payment.

Response from the State of Oklahoma CARES FORWARD team:

Views of Responsible Official(s)
Contact Person: Brandy Manek
Anticipated Completion Date: Plan implemented in June 2021 and is ongoing
Corrective Action Planned: The State of Oklahoma CARES FORWARD team partially agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

Response from the State Department of Health:

Views of Responsible Official(s)
Contact Person: Leigh Newby and Andy Halko
Anticipated Completion Date: December 31, 2023
Corrective Action Planned: The Oklahoma State Department of Health agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

Auditor Response: Since the Nursing Home and Long-Term Care facility payments were based on resident counts, we considered these to be beneficiary payments. We were not expecting a patient headcount or any type of monitoring of the facility to ensure compliance with the allowability requirements. However, we were expecting to be able to verify allowability based on the instructions set out in the Nursing Home and Long-Term Care facility applications. Based on the instructions per the application, we were not able to reconcile Nursing Home and Long-Term Care facility resident counts with the February 2020 census, as instructed.

FINDING NO: 2021-094
STATE AGENCY: State of Oklahoma
FEDERAL AGENCY: US Department of the Treasury
ALN: 21.019
FEDERAL PROGRAM NAME: Coronavirus Relief Fund (CRF)
CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Period of Performance
QUESTIONED COSTS: $11,197,314

Criteria: 2 CFR §200.303 - *Internal controls* states in part, "The *Non-Federal* entity must*: (*a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award."

The Department of the Treasury Federal Register, Vol. 86, No. 10 from January 15, 2021 states in part, "The CARES [Coronavirus Aid, Relief, & Economic Security Act] Act provides that payments from the Fund may only be used to cover costs that— 1. are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19); 2. were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government; and 3. were incurred during the period that begins on March 1, 2020, and ends on December 31, 2021."

Treasury Federal Register, Vol. 86, No. 10 also states, "… for a cost to be considered to have been incurred, performance or delivery must occur during the covered period but payment of funds need not be made during that time."

Condition and Context: Per the GAAP Package Z - Schedule of Expenditures of Federal Awards (SEFA), the State of Oklahoma reported $850,796,969 in CRF cash basis expenditures transferred to state agencies during SFY21. Of this total, $430,435,176 was ***reimbursed*** to state agencies from CRF dollars by the CARES FORWARD[3] team. We tested a sample of 64 reimbursements (including Projects that were scored prior to award and non-Projects) totaling $293,010,891 and noted the following:

- For all sampled reimbursements tested for controls, the CARES FORWARD review process to determine whether expenditures qualified for reimbursement from CRF consisted of only a summary level cost reimbursement spreadsheet and attestations, including that the expenditure had not been accounted for in a prior budget, signed by the agencies.
- For one (1) project, we received no supporting documentation indicating it had been scored and approved by the steering committee to ensure the project was a necessary COVID-19 expenditure due to the public health emergency. However, we were able to see an email of the Governor approving the project.
- For one (1) project, we received no supporting documentation indicating it was scored and approved by the steering committee.
- For four (4) projects, we received support that two of the three steering committee members had scored and approved the projects. In addition, we noted the four projects had been approved by the Governor.
- For 11 reimbursements, the cost reimbursement spreadsheet, attestation email attachments, and support available in the Statewide Accounting System do not appear to provide sufficient support to verify the details of the reimbursement amount claimed. In addition, no evidence (bill of lading, packing slip, or other supporting documentation) was available to indicate that goods had been received prior to CRF reimbursement issuance. We are questioning $10,501,331.39 in reimbursements for which adequate supporting documentation was not present, along with no evidence of receipt.

[3] Governor Kevin Stitt established CARES FORWARD to administer CRF. This team is made up of various cabinet secretaries and state employees who have an expertise in state government, finance, and federal awards.

- For one (1) reimbursement, the supporting documentation does not agree to the amount invoiced and/or paid for COVID-19 testing. Based on the lack of review by CARES FORWARD at the time of reimbursement, up to $101,200 (1,265 COVID-19 tests * $80) may have been overpaid to vendor since the Oklahoma State Department of Health (OSDH) had yet to reconcile the COVID-19 tests prior to requesting reimbursement. We are questioning this amount.
- For one (1) reimbursement, the payroll service period reimbursed on 9/11/2020 was later reimbursed again on 12/15/2020, resulting in a duplicate payment of $594,783. We are questioning this amount.

Cause: The CARES FORWARD team did not have procedures that denoted how the projects scoring and approval process would work between the 3 steering committee members and the Governor. In addition, CARES FORWARD failed to review detailed transactions at the time of reimbursement to ensure the costs were for a necessary COVID-19 expenditure due to the public health emergency.

Effect: Without maintaining project score sheets or having written procedures on how the projects were approved, we are unsure if some projects had been properly reviewed and approved by the steering committee and the Governor. In addition, CARES FORWARD may have reimbursed unallowable costs by not performing an adequate review of the supporting documentation and instead relying on the attestation & reimbursement request as their support. The State may have utilized CRF to pay for products that were not received. Further, without a process to ensure that items were received and costs were allowable, the State is at risk of being out of compliance with Federal statutes, regulations, and the terms and conditions for the Federal award.

Recommendation: We recommend CARES FORWARD ensure all project score sheets are maintained. In addition, we recommend that the CARES FORWARD team design and implement appropriate controls to ensure expenditures are incurred, per the Department of Treasury guidance, prior to reimbursement approval. Additionally, we recommend CARES FORWARD review all approved reimbursements and ensure that the relevant support is present to support allowability of the expenditure and to prevent potential recoupment by the Department of the Treasury.

Views of Responsible Official(s)
Contact Person: Brandy Manek
Anticipated Completion Date: Plan implemented in June 2021 and is ongoing
Corrective Action Planned: The State of Oklahoma CARES FORWARD team partially agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

Auditor Response: The State Auditor's Office interprets the U.S. Treasury guidance to say that in order for a CRF cost to be incurred, product delivery must occur. We maintain our position that receiving documentation should have been obtained as part of the internal control process to establish a CRF cost had been incurred prior to reimbursement. This documentation may be in many forms, such as a packing slip, bill of lading, internally created receiving form/statement, or even notations on the invoice to indicate the items were received by the intended recipient. It is the view of the auditor that this documentation should have been obtained prior to issuance of the CRF reimbursement.

Further, we maintain our position that the duplicate payroll reimbursement was not properly reviewed and the CARES FORWARD failed to review detailed transactions at the time of reimbursement. The Department of the Treasury Office of Inspector General Coronavirus Relief Fund Frequently Asked Questions Related to Reporting and Recordkeeping (Revised) is for reporting costs into the GrantSolutions portal. The duplicate payment should not be considered eligible based on expenditure overruns.

Lastly, from review of the support the State of Oklahoma CARES FORWARD team reimbursed entities for the full amount of their expenditures as long as their summary objective met the COVID-19 requirements. We noted very little follow-up at the reimbursement level based even though a large amount of support either didn't match the reimbursement, or the detailed support was so vague there was no way to determine if the cost was for a necessary expenditure incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19). We feel a more detailed review needed to have occurred ***at the time of reimbursement***.

FINDING NO: 2021-105
STATE AGENCY: State of Oklahoma
FEDERAL AGENCY: US Department of Treasury
ALN: 21.023
FEDERAL PROGRAM NAME: Emergency Rental Assistance (ERA)
FEDERAL AWARD NUMBER: ERA0028
FEDERAL AWARD YEAR: 2021
CONTROL CATEGORY: Procurement – Suspension and Debarment

Criteria: U.S Department of the Treasury Emergency Rental Assistance Grantee Award Form (8) (a-b) Compliance with Applicable Law and Regulations, states in part, "i. Recipient agrees to comply with the requirements of Section 501 and Treasury interpretive guidance regarding such requirements. Recipient also agrees to comply with all other applicable federal statutes, regulations, and executive orders, and Recipient shall provide for such compliance in any agreements it enters into with other parties relating to this award. a. Federal regulations applicable to this award include, without limitation, the following: ii. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. Part 200, …"

2 CFR § 200.303(a) – *Internal Controls* states in part, "The Non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award."

84 FR 49524 Subpart C § 25.300 Requirement for recipients to ensure subrecipients have a unique identifier, states, "(a) A recipient may not make a subaward to a subrecipient unless that subrecipient has obtained and provided to the recipient a unique entity identifier. Subrecipients are not required to complete full SAM registration to obtain a unique entity identifier. (b) A recipient must notify any potential subrecipients that the recipient cannot make a subaward unless the subrecipient has obtained a unique entity identifier as described in paragraph (a) of this section."

Appendix A to Part 25 - Award Term I.B. *Requirement for Unique Entity Identifier states "*If you are authorized to make subawards under this Federal award, you:

1. Must notify potential subrecipients that no entity (*see* definition in paragraph C of this award term) may receive a subaward from you until the entity has provided its Unique Entity Identifier to you.
2. May not make a subaward to an entity unless the entity has provided its Unique Entity Identifier to you. Subrecipients are not required to obtain an active SAM registration but must obtain a Unique Entity Identifier."

U.S. Department of Treasury *Emergency Rental Assistance Program Reporting Guidance*, page 31, states in part "The Recipient is responsible for the subrecipients' compliance with registering and maintaining an updated profile on SAM.gov, regardless of whether they elect to report subaward and subrecipient data through Treasury's Portal or directly through FSRS.gov."

Federal Funding Accountability and Transparency Act Subaward Reporting System *Frequently Asked Questions* states the following:

> **Q.** Are all sub-awardees required to have a DUNS* number? *NOTE: 2 CFR Part 25 amends term 'Duns Number' to 'Unique Entity Identifier'
>
> **A.** Yes, the Transparency Act requires information disclosure concerning entities receiving Federal financial assistance through Federal awards such as Federal contracts, sub-contracts, grants, and subgrants. See 31 U.S.C. 6101 note. One of the data elements required is the unique identifier of the entity receiving the award and the parent entity of the recipient, should the entity be owned by another entity. The Unique identifier used is the entity's Dun & Bradstreet (D&B) Data Universal Numbering System (DUNS) Number. See 0MB M-09-19 at 11. For prime and sub-grant recipients, 0MB has issued interim final guidance requiring such recipients to obtain a valid DUNS number. See 2 CFR Part 25.

2 CFR § 180.300 What must I do before I enter into a covered transaction with another person at the next lower tier?

When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

a. Checking SAM Exclusions; or
b. Collecting a certification from that person; or
c. Adding a clause or condition to the covered transaction with that person.

Condition and Context: The State of Oklahoma - CARES Forward team (referred to as "the State" hereinafter) did not ensure that subrecipients had the necessary DUNS registration in the Sam.gov system prior to entering into agreements with, and making subawards to, the subrecipients. The risk assessment procedures performed by the State prior to making a subaward included a search of the Sam.gov site. However, the risk assessments for two subrecipients indicated the following:

- For one subrecipient, the Sam.gov site showed that an agency with the same name as the subrecipient was registered; however, the risk assessment indicated that the State was not certain the entity listed on Sam.gov was the same entity as the subrecipient. Although ultimately this subrecipient was registered appropriately, the state should not have proceeded with the agreement until the proper verification was performed.
- For one subrecipient, the Sam.gov site did not show the subrecipient as being registered for federal awards. This subrecipient did not have an active status in the SAM.gov system until 5/4/2021, however, the State entered into the agreement with the subrecipient on 3/11/2021 and made payments in the amount of $5,465,000 (3/15/2021) and $12,357,731.25 (5/3/2021) to the subrecipient.

The State did not appropriately verify that subrecipients were not debarred, suspended, or otherwise excluded prior to entering into agreements with subrecipients, specifically:

- The State did not provide documentation showing that the State ensured the subrecipients were not listed on the SAM Exclusion list prior to entering into any agreements.
- The State did not collect a certification from the appropriate person/s.
- The Federal Funding Certification agreements between the State and the two subrecipients administering the ERA program did not include appropriate language to ensure that the non-Federal entity verified that entities are not suspended, debarred, or otherwise excluded.

Cause: The State does not have adequate policies and procedures to ensure that entities with which the State plans to enter into a subrecipient agreement and/or covered transaction with have the necessary DUNS registration in the Sam.gov system and are not debarred, suspended, or otherwise excluded prior to entering into agreements with and making subawards to the subrecipients.

State of Oklahoma personnel responsible for oversight of the ERA grant do not normally oversee Federal grant programs and do not have adequate experience with administering Federal grant funds.

Effect: Failure to comply with suspension and debarment requirements can result in federal funds being given to individuals who have been suspended, debarred, or otherwise excluded, and can result in an increased fraud risk.

Recommendation: We recommend the State personnel responsible for oversight of the ERA grant obtain the necessary training and knowledge necessary to ensure compliance with applicable Federal laws and grant requirements, including all applicable procurement, and suspension and debarment compliance requirements.

We recommend that the State develop policies and procedures to ensure that entities have the required registrations in the Sam.gov system and, are not debarred, suspended, or otherwise excluded prior to entering into agreements with the entities.

We recommend that the State include appropriate language in all procurement and subaward agreements to ensure that the non-Federal entity verified that entities are not suspended, debarred, or otherwise excluded.

Views of Responsible Official(s)
Contact Person: Brandy Manek, Director, Budget, Policy & Gaming Compliance | Office of Management and Enterprise Services

Anticipated Completion Date: Plan implemented in June 2021 and is ongoing
Corrective Action Planned: The State of Oklahoma – CARES Forward Team agrees with this finding. Please see the corrective action plan located in the corrective action plan section of this report.

STATE OF OKLAHOMA/GOVERNOR'S OFFICE

FINDING NO: 2021-019
STATE AGENCY: State of Oklahoma
FEDERAL AGENCY: US Department of Education
ALN: 84.425C
FEDERAL PROGRAM NAME: Education Stabilization Fund - GEER
FEDERAL AWARD NUMBER: S425C200006
FEDERAL AWARD YEAR: 2021
CONTROL CATEGORY: Subrecipient Monitoring
QUESTIONED COSTS: $0

Criteria: 2 CFR § 200.303(a) – *Internal Controls* states in part, "The Non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award."

2 CFR § 200.331 *Subrecipient and contractor determinations.* states in part, The non-Federal entity may concurrently receive Federal awards as a recipient, a subrecipient, and a contractor, depending on the substance of its agreements with Federal awarding agencies and pass-through entities. Therefore, a pass-through entity must make case-by-case determinations whether each agreement it makes for the disbursement of Federal program funds casts the party receiving the funds in the role of a subrecipient or a contractor. The Federal awarding agency may supply and require recipients to comply with additional guidance to support these determinations provided such guidance does not conflict with this section.

(a) ***Subrecipients.*** A subaward is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the subrecipient. See definition for *Subaward* in § 200.1 of this part. Characteristics which support the classification of the non-Federal entity as a subrecipient include when the non-Federal entity:

(1) Determines who is eligible to receive what Federal assistance;
(2) Has its performance measured in relation to whether objectives of a Federal program were met;
(3) Has responsibility for programmatic decision-making;
(4) Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and
(5) In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.

2 CFR § 200.332 *Requirements for pass-through entities* states in part, "All pass-through entities must:

(a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:

(1) Federal Award Identification.
(i) Subrecipient name (which must match the name associated with its unique entity identifier);
(ii) Subrecipient's unique entity identifier;
(iii) Federal Award Identification Number (FAIN);
(iv) Federal Award Date (see § 200.39 Federal award date) of award to the recipient by the Federal agency;
(v) Subaward Period of Performance Start and End Date;
(vi) Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient;
(vii) Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current obligation;

(viii) Total Amount of the Federal Award committed to the subrecipient by the pass-through entity;
(ix) Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
(x) Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity;
(xi) CFDA Number and Name; the pass-through entity must identify the dollar amount made available under each Federal award and the CFDA number at time of disbursement;
(xii) Identification of whether the award is R&D; and
(xiii) Indirect cost rate for the Federal award (including if the de minimis rate is charged per § 200.414 Indirect (F&A) costs)."

(2) All requirements imposed by the pass-through entity on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award;
(3) Any additional requirements that the pass-through entity imposes on the subrecipient in order for the pass-through entity to meet its own responsibility to the Federal awarding agency including identification of any required financial and performance reports;

2 CFR § 200.332 (b) – *Requirements for pass-through entities* states, "All pass-through entities must evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring, which may include consideration of such factors as:

(1) The subrecipient's prior experience with the same or similar subawards;
(2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F - Audit Requirements of this part, and the extent to which the same or similar subaward has been audited as a major program;
(3) Whether the subrecipient has new personnel or new or substantially changed systems; and
(4) The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency)."

2 CFR § 200.332 (d) - *Requirements for pass-through entities* states, "All pass-through entities must:

(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:
(2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means."

2 CFR § 200.332 (f) - *Requirements for pass-through entities* states, "Verify that every subrecipient is audited as required by Subpart F of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in § 200.501."

The U.S. Department of Education's Certification and Agreement for Funding under the Education Stabilization Fund Program Governor's Emergency Education Relief; Governor's Emergency Education Relief Fund, Part D: *Other Assurances and Certifications,* states "The State and other entities will comply with the provisions of all applicable acts, regulations, and assurances: …and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in 2 [Code of Federal Regulations (C.F.R.)] part 200, as adopted and amended in regulations of the Department in C.F.R. part 3474."

U.S. Department of Education's Frequently Asked Questions about the Governor's Emergency Education Relief Fund (GEER Fund) question A-11. *Who should a Governor designate to be the fiscal agent for the GEER Fund grant* states in part, "The fiscal agent is responsible for overseeing and monitoring all GEER Fund activities in the State. Therefore, it is recommended that the Governor designate an agency with appropriate experience in administering Federal grants and an understanding of the types of activities that may be supported by the GEER Fund. The fiscal agent may partner with additional State Agencies or other entities to administer the State's GEER Fund. However, such arrangements do not obviate the fiscal agent's responsibility for oversight of the GEER Fund."

The U.S. Department of Education's Certification and Agreement for Funding under the Education Stabilization Fund Program Governor's Emergency Education Relief; Governor's Emergency Education Relief Fund, *Part B, states in part, "*The State will ensure that every recipient and subrecipient of GEER funds will cooperate with any examination of records with respect to such funds by making records available for inspection, production, and examination, and authorized individuals available for interview and examination, upon the request of (i) the Department and/or its Inspector General; or (ii) any other federal agency, commission, or department in the lawful exercise of its jurisdiction and authority.

2 CFR § 200.334 – *Retention requirements for records* state in part, "Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient."

2 CFR § 200.337 *Access to records* states in part, ".(a) Records of non-Federal entities. The Federal awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives, must have the right of access to any documents, papers, or other records of the non-Federal entity which are pertinent to the Federal award, in order to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the non-Federal entity's personnel for the purpose of interview and discussion related to such documents."

Condition and Context:

Background Determination of role as contractor or subrecipient

As part of the CARES Act, the U.S. Department of Education awarded the State of Oklahoma $39,919,354 under the Governor's Emergency Education Relief (GEER) Fund as part of the Elementary and Secondary School Emergency Relief (ESSER) program. The GEER funds were then distributed by the Governor's Office for the administration of five separate initiatives which were all administered by entities outside of the Governor's Office. SAI reviewed the agreements applicable to each initiative in order to determine if any subrecipient relationships had been established that would be subject to Part M Subrecipient Monitoring requirements.

- **Incentive Grants to K-12 Districts** – Oklahoma awarded $8,000,000 to the Oklahoma State Department of Education (OSDE) to provide subgrants to local education agencies (school districts) that have been most significantly impacted by coronavirus to support their ability to continue providing educational services to their students and to support their on-going functionality. OSDE did perform all subrecipient monitoring activities related to the Incentive Grants.

- **Learn Anywhere Oklahoma** - Oklahoma directed the State-wide Virtual Charter School Board (SVCSB, an Oklahoma State agency) to enter into a contract with Edmentum Inc. to provide on-line learning products to public school districts in the State of Oklahoma. Of the $12,000,000 total award, $11,503,250 was provided to Edmentum and $496,750 was provided to the SVCSB for administrative costs. SAI determined that the documented agreement between SVCSB and Edmentum appears to represent a contractor relationship between the SVCSB and Edmentum per 2 CFR § 200.331 *Subrecipient and contractor determinations*. However, through discussions with the SVCSB and review of other documents pertaining to the role SVCSB performed in relation to the Learn Anywhere Oklahoma initiative, it appears there is considerable confusion as to whether Edmentum or the School Districts themselves were seen as subrecipients by SVCSB, and over what role the state of Oklahoma expected SVCSB to perform in relation to monitoring the program. For example, documented assessments were completed by SVCSB that indicated the state agency was assessing risk with regard to the allocation of GEER funds to the districts and performing subrecipient monitoring activities over the school districts use of allocated services provided via Edmentum. In contrast, the State of Oklahoma, (via OMES) contracted with an outside agency to provide subrecipient monitoring activities over GEER fund programs including SVCSB and Edmentum. (Note: Per the OMB Compliance Supplement, Part 3 (M), "Transfers of federal awards to another component of the same auditee under 2 CFR Part 200, Subpart F, do not constitute a subrecipient or contractor relationship"; therefore, a state agency (i.e., SVCSB) cannot

be a subrecipient of the State of Oklahoma as they are a component of the State of Oklahoma). SAI determined the that the State of Oklahoma failed to adequately establish and document whether the agreement with Edmentum constituted either a subrecipient or a procurement (contractor) relationship with the SVCSB.

- **Skills to Rebuild** – Oklahoma entered into a $1 million agreement with Tri-County Tech to provide scholarships to students and training for front-line healthcare workers. The Federal Funding Certification and Agreement clearly identifies Tri- County Tech as a subrecipient. SAI determined the agreement substantially met all of the characteristics that support the classification of Tri-County Tech as a subrecipient and not as a contractor.

- **Bridge the Gap Digital Wallet & Stay in School** – Oklahoma directed the Office of Educational Quality and Accountability (OEQA) to enter into a contract with Kleo Inc. (dba Class Wallet) in order to fund both the Bridge the Gap Digital Wallet and Stay in School initiatives. The Bridge the Gap initiative provides low-income families with grants to purchase educational supplies, materials and technology. The Stay in School initiative provides tuition assistance to students currently attending private schools whose continued attendance is threatened by the financial fallout of Covid-19. While the agreement does not specifically identify Class Wallet as a subrecipient, SAI determined that the scope of the responsibilities the State of Oklahoma gave to Class Wallet as well as the signed agreement substantially met all of the characteristics that support the classification of Class Wallet as a subrecipient and not as a contractor. However, the State of Oklahoma failed to adequately establish and document whether the agreement with Class Wallet constituted a subrecipient relationship.

Award Information Notification

At the time GEER funds were initially awarded to subrecipients [Tri-County Tech and Class Wallet] responsible for administering GEER programs, the State of Oklahoma (as a pass through entity) failed to identify all requirements imposed by the pass-through entity on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award; and any additional requirements that the passthrough entity imposes on the subrecipient in order for the pass-through entity to meet its own responsibility to the Federal awarding agency.

The State of Oklahoma failed to provide the required Grant Award Notification to the actual subrecipients. After the State of Oklahoma directed OMES to take over as the fiscal agent for the GEER fund, a Grant Award Notification was provided appropriately to Tri-County Tech (Skills to Rebuild). However, OMES incorrectly provided OEQA with the Grant Award Notice for both the Bridge the Gap program and the Stay in School program when the notices should have been provided to Class Wallet, the actual subrecipient, especially as OEQA was told by the State that they were only to sign the contract with Class Wallet but would not have any oversight or administrative duties required of them.

Risk Assessment

- Incentive Grants to K-12 Districts - SAI reviewed OSDE's monitoring activities related the Incentive Grants and it appears that OSDE was in compliance with all applicable subrecipient monitoring requirements.
- Skills to Rebuild; Bridge the Gap Digital Wallet & Stay in School - SAI determined that the State of Oklahoma *did not* evaluate the subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring for either Tri-County Tech or Class Wallet

Award Monitoring

- OSDE (Incentive Grants to K-12 Districts) - SAI reviewed OSDE's monitoring activities related to the Incentive Grants and it appears that OSDE was in compliance with all applicable subrecipient monitoring requirements.
- Tri-County Tech (Skills to Rebuild) – SAI determined that the State of Oklahoma *did not* provide adequate monitoring per 2 CFR § 200.332 (d) during the award.
- Class Wallet (Bridge the Gap Digital Wallet & Stay in School) - SAI determined that the State of Oklahoma *did not* provide adequate monitoring per 2 CFR § 200.332 (d). Per SAI audit, the Bridge the Gap Digital Wallet program had over $1,830,000 in questioned costs related to unallowable expenditures and the Stay in

School program had over $6,500,000 in questioned costs related to unallowable expenditures. Also, the State of Oklahoma allowed individuals employed by outside entities/special interest groups to actively administer the Stay in School and Bridge the GAP programs largely without oversight from the State of Oklahoma and without entering into an appropriate executed agreement governing their involvement. These individuals did not have the appropriate experience to administer federal grant programs. (See also Finding # 2021-109)

In addition, it appears that the State of Oklahoma failed to adequately oversee and monitor all GEER Fund activities in the State and/or failed to ensure that an agency with appropriate experience in administering Federal grants and an understanding of the types of activities that may be supported by the GEER Fund was appointed to oversee and monitor all GEER fund activities.

Subpart F Audits

- OSDE (Incentive Grants to K-12 Districts) - SAI reviewed OSDE's monitoring activities related the Incentive Grants and it appears that OSDE was in compliance with all applicable subrecipient monitoring requirements.
- Tri-County Tech (Skills to Rebuild) – SAI determined that the State of Oklahoma *did not* ensure that the subrecipient was audited as required by Subpart F.
- Class Wallet (Bridge the Gap Digital Wallet & Stay in School) - SAI determined that the State of Oklahoma *did not* ensure that the subrecipient was audited as required by Subpart F.

Record Retention

The State of Oklahoma *did not* ensure that the subrecipient's financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to the Bridge the Gap Digital Wallet program, Stay in School program and the Skills to Rebuild program, were retained as required per 2 CFR § 200.334 and made available for monitoring purposes per 2 CFR § 200.337

The State of Oklahoma failed to ensure that the individuals performing administrative duties for the Stay in School and Bridge the Gap programs, who were outside the employment of the State of Oklahoma or the State's subrecipients, retained all books and records required for monitoring and audit purposes.

The State *did not* ensure that every recipient and subrecipient of GEER funds and other GEER program administrators cooperated with any examination of records with respect to such funds by making records available for inspection, production, and examination, and authorized individuals available for interview and examination, upon the request of (i) the Department and/or its Inspector General; or (ii) any other federal agency, commission, or department in the lawful exercise of its jurisdiction and authority.

The State of Oklahoma did not obtain, or ensure the availability of, the books and records of subrecipients [Tri-county Tech and Class Wallet] administering the Skills to Rebuild, Bridge the Gap Digital Wallet, and Stay in School programs even after undergoing two USDE audits and requests from SAI for these records.; therefore, SAI was unable to verify that any of the GEER funds distributed to these subrecipients was used for allowable activities and costs and awardees met the applicable eligibility requirements of the GEER programs based on the information obtained by the State of Oklahoma.

On September 1, 2022, SAI sent a formal request for documents related to the BTG and SIS programs as well as a request for access to the FACTS Management system for application and eligibility verification files. Class Wallet responded on September 7, 2022, that they would facilitate our requests.

Cause: The State of Oklahoma did not identify a fiscal agent that had the appropriate experience in administering Federal grant funds and understanding the monitoring requirements and types of activities that may be supported by the GEER grant. See description of the activities associated with the State's selection of a fiscal agent for the Skills to Rebuild program, Learn Anywhere program, the BTG program, and the SIS program, as well as a description of the State's contracting process for the BTG and SIS programs below:

Skills to Rebuild - The Tri-county subrecipient agreement for the Skills to Rebuild program was signed by Tri-county on September 24, 2020, however, no signature from a representative of the State of Oklahoma

was obtained until the Secretary of Education (at that time) signed the agreement on April 12, 2021, almost 6 months later.

Edmentum Contract: The State of Oklahoma directed the Statewide Virtual Charter School Board (SVCSB) to sign the contract with Edmentum. According to SVCSB staff, they [SVCSB] were informed by the Secretary of State that they would be responsible for administering the contract with Edmentum and determining the LEA allocation methodology, as well as ensuring that the LEAs were notified of their allocations, and reconciling all awards actually used with the amounts paid. The SVCSB did not have prior experience overseeing Federal grants and, the State did not inform SVCSB of the federal compliance requirements related to the administration of the federal grant.

Class Wallet Agreement: The State of Oklahoma directed the Office of Educational Quality and Accountability (OEQA) to sign the contract with Class Wallet. SAI obtained email correspondence between the State of Oklahoma, OMES staff members, and a Secretary of State staff member related to the assignment of a fiscal agent for the Class Wallet agreement. The emails show that the State of Oklahoma was advised by the OMES Executive Director that the State Department of Education would be more appropriate to …"take ownership of both the financial and day-to-day functions of the solution." In addition, a Secretary of State staff member with significant experience related to federal grants also advised the State of the significant monitoring and reporting requirements required for federal grants and suggested that the State use an agency that was already administering federal grants and had the infrastructure in place to administer the grants appropriately.

According to staff at OEQA, the State conveyed to them that their agency only had to sign the agreement with Class Wallet and no other oversight duties would be necessary. In addition, the State did not inform OEQA of the federal compliance requirements related to the administration of the federal grant. Instead, the State of Oklahoma apparently asked individuals employed by outside entities/special interest groups to actively administer the Stay in School and Bridge the GAP programs without oversight from OEQA (who signed the contract with Class Wallet). The State did not execute an appropriate agreement with those individuals to govern their involvement and require the retention of all books and records related to the administration of the program. Those individuals did not have the appropriate experience to administer federal grant programs and it does not appear that they were informed by the Secretary of the federal compliance requirements related to the administration of the federal grant.

Of note, a non- government employee serving as the paid Executive Director of Every Kid Counts Oklahoma (EKCO) directly participated in the contracting process between the State of Oklahoma and Class Wallet and directly participated in the administration of the BTG and SIS programs. SAI was unable to obtain any contractual agreement between the State of Oklahoma and EKCO for the services provided.

FACTS Management is the entity that Class Wallet subcontracted with to house the applications system, perform eligibility determinations, and award SIS and BTG program funds to applicants. Through review of email communications, SAI determined that Class Wallet did not originally intend to be the one signing a contract with a subcontractor for the application system and eligibility reviews. At the request of the Executive Director of EKCO, Class Wallet agreed to subcontract with FACTS Management instead of the State of Oklahoma directly contracting with FACTS Management. In addition, the Executive Director of EKCO and other individuals employed by outside entities/special interest groups directly participated in the review of the contract wording and determination of the scope of work for the FACTS Management contract. These individuals failed to ensure the contract with FACTS Management contained the required record retention clause.

No one from the State of Oklahoma, or the Executive Director of EKCO (who was acting on behalf of the State of Oklahoma) informed Class Wallet that by subcontracting with the organization who would be responsible for determining eligibility and awarding program funds for both the BTG and SIS programs, Class Wallet would be placed in the role of a subrecipient as defined in 2 CFR § 200.331 - Subrecipient and contractor determinations. This is important because, per Federal regulations, it is the pass-through entity's **[State of Oklahoma's] responsibility to inform the sub awardee that they are the subrecipient. The**

State of Oklahoma failed to inform Class Wallet of their subrecipient status and failed to inform them of the federal requirements for subrecipients.

After the United States Department of Education (USDE) began auditing the GEER programs at the beginning of 2021, OMES was appointed by the Governor's Office to take over as fiscal agent for the GEER fund; however, OMES also had very little experience overseeing federal grants. In October of 2021, OMES contracted with a consulting firm to perform subrecipient monitoring over the non-OSDE administered GEER programs, SAI noted that, from the time OMES was appointed as the fiscal agent until the end of 2022, neither OMES or the consulting firm appropriately secured all of the books and records of Tri-County Tech, Class Wallet and FACTS Management **that are required to perform adequate oversight and monitoring of the programs.** OMES paid the consulting firm over $300,000 as of the end of 2022, even though virtually no subrecipient monitoring was performed. In May of 2023, SAI learned that OMES entered into an agreement with **an additional** consulting firm (contract dated August 11, 2022) to provide limited services related to the verification of the enrollment status of students who received SIS awards. Information was incorporated into the work of SAI as appropriate. Other identified issues will be turned over to the appropriate entities for further review.

The State of Oklahoma *did not* establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

The State of Oklahoma failed to limit the types of items families could purchase online with their digital wallet awards. According to OEQA staff and emails obtained by SAI, the Executive Director of EKCO (also serving as the Secretary of Education), gave *blanket approval* of all vendors on Class Wallet's system, and the approval applied to all items the vendors offered on Class Wallet's system. The State did not utilize available Class Wallet system controls, through which they could have limited certain vendors and preapproved purchases made by grant recipients. In addition, **the State failed to review any purchasing reports available from Class Wallet's digital wallet system which would have alerted the State to the unallowable and questionable purchases.**

Effect: The State's failure to understand and clearly communicate and document subrecipient and contractor relationships and determinations led to confusion as to subrecipient or contractor responsibilities in relation to federal awards.

Failure to clearly identify the terms of the subaward to the subrecipient at the start of the award period can lead to subrecipient non-compliance with the award terms.

Effective risk management procedures and appropriate monitoring activities were not performed from the start of the award period because adequate subrecipient monitoring policies and procedures were not established by the State or the fiscal agent prior to entering into agreements with subrecipients.

Failure to implement an appropriate risk assessment for subrecipient monitoring led to an increased risk of mismanagement and possible fraud by the subgrantees.

Failure to ensure adequate monitoring was performed during the program operation period greatly increased the risk of unallowable costs, mismanagement, and possible fraud.

Recommendation: We recommend that the State of Oklahoma gain an understanding of the requirements of federal awards, including subrecipient and contractor relationships under federal awards, prior to implementing any transactions, including subrecipient and contractor agreements, under those federal awards.

We recommend that the State of Oklahoma ensure the designated fiscal agent responsible for the oversight of GEER grant funds has the appropriate experience with understanding the types of activities that may be supported by the grant funds.

We recommend that the State of Oklahoma develop and implement internal controls to ensure that each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward is appropriately evaluated for monitoring purposes.

We recommend that the State of Oklahoma develop and implement internal controls to ensure that it administers current and future GEER grants in accordance with applicable Federal laws and grant requirements, including ensuring that grant subrecipients are provided the proper award documentation. We also recommend that the State of Oklahoma develop and implement internal controls to ensure that any entity awarded Federal funds is required to and does retain all records relating to those awards in accordance with Federal requirements and make those records available for inspection for monitoring and other audit purposes as required.

We recommend that the State of Oklahoma ensure all required monitoring activities related to GEER I programs (Skills to Rebuild, BTG and SIS) are appropriately completed in compliance with the Uniform Guidance. In addition, we recommend that the State of Oklahoma ensure all required monitoring activities are performed timely for any additional GEER I or GEER II programs in subsequent fiscal years.

Views of Responsible Official(s)
Contact Person: Jennifer Fisher Walford, Director Grants Management Office OMES & John Laws, Chief Financial Officer for the State of Oklahoma
Anticipated Completion Date: Partial GEER I monitoring activities completed in August 2021; [No anticipated completion date given for the post-award findings for GEER I]
Corrective Action Planned: The State of Oklahoma partially agrees with this finding. Please see the corrective action plan located in the corrective action plan section of this report.

Auditor Response: The agency response states,…"Subrecipient monitoring occurred during the performance period of the award. According to the information we have reviewed, close out documents were sent to subrecipients in August of 2021. SAI notes that sending out grant close out requests to subrecipients does not constitute material compliance with subrecipient monitoring requirements. SAI clarifies that our recommendation is that the State of Oklahoma ensure all required monitoring activities related to GEER I programs (Skills to Rebuild, BTG and SIS) are appropriately completed in compliance with the Uniform Guidance and, that the State of Oklahoma ensure all required monitoring activities are performed timely for any additional GEER I or GEER II programs in subsequent fiscal years.

The agency response states, … "In November of 2021, OMES hired two third parties to assist OMES in conducting post- award reporting on the Bridge the Gap program and the Stay in School program, in response to requests for information from the Office of the Inspector General at the U.S. Department of Education." SAI reiterates that OMES [or third parties] did not perform any monitoring or review of the GEER I expenditures for the Skills to Rebuild, BTG, or SIS programs during the audit period, and no material review of these expenditures has been performed to date.

The agency response states, … "OMES has been working with the USDOE ever since to provide additional detail and complete these requests made of the State by the USDOE. As a result we are unable to provide the SAI with a date certain by which these post-award findings will be complete. However, we will provide the SAI with those findings when they are completed.|" SAI notes that compliance with the USDOE requests only applies to the issues noted in the USDOE audits. The scope of the Single Audit performed by SAI encompasses all compliance requirements applicable to the Education Stabilization Fund, therefore, corrective action that satisfies the issues noted within the scope of the USDOE audit would not automatically ensure compliance with all issues noted in the Single Audit performed by SAI.

The agency response states, … "Note: OMES interprets federal law differently than SAI's assertion regarding an agency's ability to be a subrecipient and the manner by which a contractor may become a subrecipient. Respectfully, these are legal issues necessitating skilled legal analyses." SAI notes that we will continue to evaluate compliance as required by the Uniform Guidance as we conduct the Statewide Single Audit.

The agency response states, … "Although the State contracted with an entity that [purportedly] possessed foolproof systems and subject matter expertise necessary to ensure compliance with certain grant programs at issue, the entity

did not meet a number of its contractual obligations, thereby resulting in certain expenditures now being called into question." SAI notes the following:

> BTG: The evidence reviewed by SAI does not support this claim. The State did not utilize available Class Wallet system controls, through which they could have limited certain vendors and the types of purchases made by grant recipients. The State also gave *blanket approval* of all vendors on Class Wallet's system, and the approval applied to all items the vendors offered on Class Wallet's system. The State of Oklahoma had full access to the Class Wallet system and therefore, should have been aware of the items available for purchase. In addition, the State failed to review any purchasing reports available from Class Wallet's digital wallet system which should have alerted the State to the unallowable and questionable purchases. SAI determined that the State of Oklahoma is responsible for failing to ensure BTG awards were only used to purchase allowable items.
>
> SIS: While the failure of FACTS Management to retain all emails between the private schools and FACTS did result in an exception identified in finding # 2021-109, almost all questioned costs identified by SAI are associated with the State of Oklahoma's failure to administer the program in accordance with their stated program objectives and federal GEER grant requirements and did not occur due to a breach of contractual obligations by Class Wallet and/or FACTS Management.

FINDING NO: 2021-060
STATE AGENCY: The State of Oklahoma
FEDERAL AGENCY: US Department of Education
ALN: 84.425C
FEDERAL PROGRAM NAME: Education Stabilization Fund – GEER
FEDERAL AWARD NUMBER: S425C200006
FEDERAL AWARD YEAR: 2021
CONTROL CATEGORY: Reporting

Criteria: 2 CFR Subpart B § 170.200 *Federal awarding agency reporting requirements* states in part, "(a) Federal awarding agencies are required to publicly report Federal awards that equal or exceed the micro-purchase threshold and publish the required information on a public-facing, OMB-designated, governmentwide website and follow OMB guidance to support Transparency Act implementation."

2 CFR Subpart B § 170.220 *Award term* states in part, "(a) To accomplish the purposes described in § 170.100, a Federal awarding agency must include the award term in appendix A to this part in each Federal award to a recipient under which the total funding is anticipated to equal or exceed $30,000 in Federal funding."

2 CFR Subpart B § 170.220 *Award term* - Appendix A states in part,

> "I. Reporting Subawards and Executive Compensation
>
> a. *Reporting of first-tier subawards.*
>
> *Applicability.* Unless you are exempt as provided in paragraph d. of this award term, you must report each action that equals or exceeds $30,000 in Federal funds for a subaward to a non-Federal entity or Federal agency (see definitions in paragraph e. of this award term).
>
> 2. *Where and when to report.*
>
> i. The non-Federal entity or Federal agency must report each obligating action described in paragraph a.1. of this award term to *http://www.fsrs.gov*.

ii. For subaward information, report no later than the end of the month following the month in which the obligation was made. (For example, if the obligation was made on November 7, 2010, the obligation must be reported by no later than December 31, 2010.)

3. *What to report.* You must report the information about each obligating action that the submission instructions posted at *http://www.fsrs.gov specify."*

U.S. Department of Education's Frequently Asked Questions about the Governor's Emergency Education Relief Fund (GEER Fund) question B-1 *Who is responsible for administering the EANS program* states, "The SEA [State Education Authority] in a State in which the Governor receives an EANS [Emergency Assistance to Non-Public Schools] award is responsible for administering the EANS program. However, the Governor remains the grantee and is responsible for oversight, including that the SEA implements the program consistent with all relevant requirements. The statute requires Governors to consult with SEAs in carrying out this responsibility."

Unites States Department of Education website *GEER Annual Reporting* states in part, *"*All grantees are required to report on GEER funds received under the Coronavirus Aid, Relief, and Economic Security (CARES) Act; and the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act. Grantees must submit an annual report describing how the State and subrecipients used the awarded funds during the performance period. Similar to CARES Act Year 1 annual reporting, grantees will use the Annual Report Data Collection Tool to submit the State report."

Condition and Context: The State of Oklahoma (Governor's Office) did not report the initial subaward information in the FFATA Subaward Reporting System (FSRS), for the following 90 subawards for GEER (84.425C) totaling $10,214,578:

- The FFATA report for the GEER I Incentive grants to LEAs* was due on August 31, 2020; however, the report was not submitted. This represents 71 sub-awards totaling $7,986,404.
- The FFATA report for the GEER I reallocations to LEAs which originally received less than $550 per pupil in ESSER II funds* was due on April 30, 2021; however, the report was not submitted. This represents 19 sub-awards totaling $2,228,173.68.

** Note: Federal guidance states that that the entity that received the federal funds (The State of Oklahoma) is ultimately responsible for completing FFATA reporting. OSDE administers the GEER I Incentive grants, and the GEER I reallocations to LEAs which originally received less than $550 per pupil in ESSER II funds and has access to all supporting data required to prepare the FFATA for those programs. SAI determined that while OSDE is the appropriate entity to complete and submit the FFATA for those programs, the State of Oklahoma failed to ensure the report was prepared appropriately and submitted.*

We also noted an initial FFATA report was not submitted timely for the following two sub-awards totaling $19,000,000:

- The FFATA report for the GEER I award to Class Wallet was due on September 30, 2020; however, the report was not submitted until 1/29/2021, 121 days late. This represents one sub-award totaling $18,000,000.
- The FFATA report for the GEER I award to Tri-County Tech was due on October 31, 2020; however, the report was not submitted until 1/29/2021, 90 days late. This represents one sub-award totaling $1,000,000.

The State of Oklahoma (Governor's Office) did not report the revised subaward information in the FFATA Subaward Reporting System (FSRS), for one subaward (Class Wallet) in the amount of -1,563,307.

The FFATA submitted by the State of Oklahoma on January 29, 2021, incorrectly included the following information:

- The Oklahoma State Department of Education (OSDE) was listed as a sub-awardee for $8,000,000; however, OSDE is a State Agency and, as such, is not considered a subrecipient for another State agency. Instead, OSDE served as a pass-through *agency* for the LEAs awarded the Incentive grants, which are considered

subrecipients of OSDE. The individual LEAs that were awarded Incentive grant funds should have been listed as sub-awardees on the FFATA report instead of OSDE.

- Edmentum, Inc. was listed as a sub-awardee for $12,000,000; however, the funds were first passed through the Statewide Virtual Charter School Board (SVCSB), which is also a state agency; the SVCSB then contracted with Edmentum to provide on-line learning materials to Oklahoma students and educators. SVCSB initially retained $500,000 for administrative costs and $11,500,000 was paid to Edmentum. SAI determined that the relationship between SVCSB and Edmentum was contractional and did not constitute a subrecipient relationship; therefore, the $11,500,000 paid to Edmentum and the $500,000 paid to SVCSB should not have been included on the FFATA report.

In addition, the State of Oklahoma (Governor's Office) did not submit the required GEER I Annual Report.

Cause: The State of Oklahoma did not identify a fiscal agent that had the appropriate experience with administering Federal grant funds and understanding the federal reporting requirements applicable to the GEER grant. (See description of this process in findings 2021-019 and 2021-109)

The State of Oklahoma did not gain an understanding of the applicable Federal laws and grant requirements and did not establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award as required by 2 CFR 200.303.

OSDE stated that the State of Oklahoma did not request that OSDE submit the FFATA reports related to GEER I funded programs administered by OSDE and, OSDE also believed the State of Oklahoma was responsible for submitting the GEER funded program FFATA reports.

Effect: Failure to appoint an appropriate fiscal agent resulted in noncompliance with federal reporting requirements.

Recommendation: We recommend that the State of Oklahoma designate a fiscal agent responsible for the oversight of GEER grant funds that has the appropriate experience with understanding the reporting requirements applicable to the grant.

We recommend that the State of Oklahoma gain an understanding of the applicable Federal laws and grant requirements and develop and implement internal controls to ensure that current and future GEER and EANS grants are administered in accordance with the applicable Federal laws and grant requirements, including all applicable reporting compliance requirements.

We recommend that the State of Oklahoma ensure all past due FFATA reports, and annual reports are submitted appropriately.

Views of Responsible Official(s)
Contact Person: Jennifer Fisher Walford, Director Grants Management Office OMES & John Laws, Chief Financial Officer for the State of Oklahoma
Anticipated Completion Date: FFATA – Anticipated Completion Date September 2023; GEER Annual Report – Completed August 2022
Corrective Action Planned: The State of Oklahoma partially agrees with this finding. Please see the corrective action plan located in the corrective action plan section of this report.

Auditor Response: The agency response states, … "Note: OMES interprets federal law differently than SAI's assertion regarding an agency's ability to be a subrecipient and the manner by which a contractor may become a subrecipient. Respectfully, these are legal issues necessitating skilled legal analyses." SAI notes that we will continue to evaluate compliance as required by the Uniform Guidance as we conduct the Statewide Single Audit.

FINDING NO: 2021-078
STATE AGENCY: State of Oklahoma
FEDERAL AGENCY: Department of Education
ALN: 84.425C
FEDERAL PROGRAM NAME: Education Stabilization Fund - GEER
FEDERAL AWARD NUMBER: S425C00006
FEDERAL AWARD YEAR: 2021
CONTROL CATEGORY: Cash Management
QUESTIONED COSTS: $0

Criteria: 2 CFR § 200.303(a) – *Internal Controls* states in part, "The Non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award."

2 CFR § 200.303(a) – *Federal Payment* states, "For states, payments are governed by Treasury-State Cash Management Improvement Act (CMIA) agreements and default procedures codified at 31 CFR part 205 and Treasury Financial Manual (TFM) 4A-2000, Overall Disbursing Rules for All Federal Agencies".

2 C.F.R. § 200.302(b)(6) – *Financial Management* states in part, "The financial management system of each non-Federal entity must provide for the following: Written procedures to implement the requirements of § 200.305."

31 C.F.R. § 205.33(a) states in part, "A State must minimize the time between the drawdown of Federal funds from the Federal government and their disbursement for Federal program purposes. A Federal Program Agency must limit a funds transfer to a State to the minimum amounts needed by the State and must time the disbursement to be in accord with the actual, immediate cash requirements of the State in carrying out a Federal assistance program or project. The timing and amount of funds transfers must be as close as is administratively feasible to a State's actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs."

2 CFR § 200.305(a) – *Federal Payment* states in part, "*For* non-Federal entities other than states, payments methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the non-Federal entity whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means."

2 C.F.R. §200.305(b)(1) - *Federal Payment* states in part, "The Non-Federal entity must be paid in advance, provided it maintains or demonstrates the willingness to maintain both written procedures that minimize the time elapsing between the transfer of funds and disbursement by the non-Federal entity, and financial management systems that meet the standards for fund control and accountability as established in this part. Advance payments to a non-Federal entity must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the non-Federal entity in carrying out the purpose of the approved program or project. The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements by the non-Federal entity for direct program or project costs and the proportionate share of any allowable indirect costs."

U.S. Department of Education's Frequently Asked Questions about the Governor's Emergency Education Relief Fund (GEER Fund) question A-11. *Who should a Governor designate to be the fiscal agent for the GEER Fund grant* states in part, "The fiscal agent is responsible for overseeing and monitoring all GEER Fund activities in the State. Therefore, it is recommended that the Governor designate an agency with appropriate experience in administering Federal grants and an understanding of the types of activities that may be supported by the GEER Fund. The fiscal agent may partner with additional State Agencies or other entities to administer the State's GEER Fund. However, such arrangements do not obviate the fiscal agent's responsibility for oversight of the GEER Fund."

Condition and Context: The State of Oklahoma failed to minimize the time between its drawdown of GEER funds from the G5 system and disbursement for GEER programs. The State of Oklahoma did not limit its drawdown of GEER funds to actual, immediate cash requirements, and did not limit the timing and amount of GEER funds

transferred from the G5 system as close as administratively feasible to Oklahoma's actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs.

The State of Oklahoma did not ensure that advance payments to subrecipients were limited to the minimum amounts needed and, the State did not ensure that advance payments to subrecipients were timed to be in accordance with the actual, immediate cash requirements of the subrecipient in carrying out the purpose of the approved program or project.

The State of Oklahoma drew down 100% of the $39,919,354 in GEER funds on July 2, 2020, prior to immediate cash requirements for any of the five GEER programs (initiatives) being funded.

The State of Oklahoma then disbursed the entire amount allocated to fund the five GEER programs to the three State agencies and one Institution of Higher Education (IHE) designated by the Governor's Office to facilitate and administer the initiatives prior to immediate cash requirements for any of the GEER programs.

- Bridge the Gap Digital Wallet – The Office of Educational Quality and Assessment (OEQA) transferred $8,000,000 in advance to Kleo Inc. (dba Class Wallet) on August 14, 2020 ($7,634,000 for program costs and $366,000 for administrative costs). It appears that funds were paid prior to actual costs being incurred for the program including:
    - Families awarded Bridge the Gap funds could order products online during the period of August 10, 2020, to December 30, 2020. Class Wallet did not have to pay vendors until families ordered the products online. *Note: The contractual agreement with Class Wallet ended on December 30, 2020. However, at the direction of a non-government individual employed by an outside entity/special interest group, Class Wallet continued to process Bridge the Gap transactions for several months after the agreement end date even though no agreement extension was ever signed by OEQA and Class Wallet.*
    - The $366,000 in administrative funds paid to Class Wallet was used partially to pay a sub-contractor to house the application system and perform eligibility determinations ($208,403 - August 2020) and the remaining $157,597 was retained by Class Wallet as a flat administration fee and was not supported by any itemized costs.

- Stay in School - The Office of Educational Quality and Assessment (OEQA) transferred $10,000,000 in advance to Kleo Inc. (dba Class Wallet) on August 17, 2020 ($9,716,000 for program costs and $284,000 for administrative costs). It appears that funds were paid prior to actual costs being incurred for the program including:
    - Class Wallet awarded tuition assistance over the period of August 10, 2020, to December 30, 2020, and did not pay private schools until awards were made to students.
    - The $284,000 in administrative funds paid to Class Wallet was used partially to pay a sub-contractor to house the application system and perform eligibility determinations ($161,697 – August 2020) and the remaining $122,303 was retained by Class Wallet as a flat administration fee and was not supported by any itemized costs.

- Learn Anywhere Oklahoma – The $11,500,000 contract with Edmentum was paid in total on September 14, 2020. Local Education Authorities (LEAs) were able to use their allocation amount throughout the school year until the end of the contract period of July 31, 2021; however, not all LEAs used their total allocation amounts and Edmentum retained the unused allocation amount of $1,734,358 for several months after the July 31 contract end date. In addition, administrative funds of $500,000 were disbursed to the State-wide Virtual Charter School Board (SVCSB) on July 30, 2020; however, SVCSB only incurred $80,352 in actual administrative costs and the remaining $419,648 was not returned to the federal agency until May 21, 2021.

- Skills to Rebuild – The State of Oklahoma entered into a subrecipient relationship with Tri-County Tech to provide scholarships for students pursuing certification in high demand jobs, and to provide training for front-line healthcare workers. Oklahoma paid 100% of the $1,000,000 award on 9/27/2020. Based on the summary level information SAI was able to review, it appears that funds were paid prior to actual costs being incurred for the program including:
    - Scholarships were awarded for future time periods which did not require an advance payment.

- Payroll related amounts paid appear to include advances for payroll periods from October 1, 2020, to December 16, 2021.
- Any unused scholarships or refunds for partial scholarships remain unaccounted for by the State of Oklahoma.

- Incentive Grants – The Oklahoma State Department of Education (OSDE) has policies and procedures which require that Federal fund payments to LEAs are not drawn down until LEAs submit a reimbursement request and the request is approved by OSDE. However, OSDE accepted the $8,000,000 transfer from the State of Oklahoma prior to immediate cash requirements for any LEAs that were awarded the Incentive grants, and as of the end of the audit period, $1,512,058 was still unexpended and had not been returned to the federal agency.

In addition, a $919,354 draw of GEER funds on July 2, 2020, by the State of Oklahoma that was not related to any of the five GEER initiatives was not returned to the federal agency until February 1, 2021.

Cause: The State of Oklahoma *did not* identify a fiscal agent that had the appropriate experience administering Federal grant funds and understanding the types of activities that may be supported by the GEER grant. (See description of this process in findings 2021-019 and 2021-109)

The State of Oklahoma *did not* gain an understanding of the applicable Federal laws and grant requirements and *did not* establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award as required by 2 CFR 200.303.

The State of Oklahoma (Governor's Office) did not have written cash management policies and procedures including procedures for drawing down grant funds.

The State of Oklahoma (Governor's Office) made advance payments for all GEER programs and then failed to ensure appropriate oversight and monitoring was provided to the State agencies and other entities responsible for carrying out, administering, and monitoring the GEER programs (See Audit Finding # 2021-019).

Effect: The State of Oklahoma maintained funds that were not in use for seven months.

Unexpended funds may be unaccounted for, and thus, not returned to the G5 system timely.

By drawing down and advancing 100% of program costs upfront, the State of Oklahoma allowed other State agencies, subrecipients and contractors to maintain funds that were not in immediate need. In addition, advancing all program funds without adequate oversight of actual costs greatly increases the risk of mismanagement and possible fraud.

Recommendation: We recommend that the State of Oklahoma develop and implement appropriate written procedures in accordance with the requirements of 2 CFR § 200.305.

We recommend that the State of Oklahoma gain an understanding of the applicable Federal laws and grant requirements and develop and implement controls to ensure that Oklahoma's State agencies that receive Federal funds have written cash management policies and procedures, including policies for the draw down and disbursement of grant funds in accordance with Federal requirements.

We recommend that the State of Oklahoma ensure projects funded with GEER funds are only administered by State Agencies or other entities with appropriate experience in administering Federal grants and an understanding of the requirements related to cash management.

Views of Responsible Official(s)
Contact Person: Jennifer Fisher Walford, Director Grants Management Office OMES & John Laws, Chief Financial Officer for the State of Oklahoma

Anticipated Completion Date: GEER II policies and procedures were implemented with the Selection Committee process starting in April of 2023.
Corrective Action Planned: The State of Oklahoma partially agrees with this finding. Please see the corrective action plan located in the corrective action plan section of this report.

Auditor Response: The agency response states, … "Note: OMES interprets federal law differently than SAI's assertion regarding an agency's ability to be a subrecipient and the manner by which a contractor may become a subrecipient. Respectfully, these are legal issues necessitating skilled legal analyses." SAI notes that we will continue to evaluate compliance as required by the Uniform Guidance as we conduct the Statewide Single Audit.

FINDING NO: 2021-109
STATE AGENCY: State of Oklahoma
FEDERAL AGENCY: Department of Education
ALN: 84.425C
FEDERAL PROGRAM NAME: Education Stabilization Fund - GEER
FEDERAL AWARD NUMBER: S425C200006
FEDERAL AWARD YEAR: 2021
CONTROL CATEGORY: Activities Allowed or Unallowed and Allowable Costs; Subrecipient Monitoring
QUESTIONED COSTS: Bridge the Gap (BTG) Program - $1,830,701; Stay in School (SIS) Program - $6,573,999
Note: The questioned costs listed in the body of the finding include many overlapping exception amounts. Therefore, total questioned costs listed here are net of any overlapping exception amounts listed in the finding.

Condition and Context: The State of Oklahoma did not obtain, or ensure the availability of, the books and records of subrecipients [Tri-county Tech and Class Wallet] administering the Skills to Rebuild, Bridge the Gap Digital Wallet (BTGDW) and Stay in School (SIS) programs; therefore, **SAI was unable to verify that any of the GEER funds distributed to these subrecipients were used for allowable activities and costs and that awardees met the applicable eligibility requirements of the GEER programs using the information provided by the State of Oklahoma, the fiscal agent (OMES), or the firm contacted to perform subrecipient monitoring of the GEER programs.**

SAI therefore made a direct request to the subrecipient, Class Wallet, for the information in order to perform the testing necessary to verify that the GEER funds distributed to the subrecipient were used for allowable activities and costs, and awardees met the applicable eligibility requirements. Class Wallet did provide the records requested to SAI.

SAI noted the following issues:

Bridge the Gap Digital Wallet and Stay in School Program

- *Early Application Submissions:* It appears that individuals responsible for the administration of the Stay in School and Bridge the Gap program allowed 486 applications (from students at 45 private schools) to be inappropriately submitted prior to the public go-live date/time of August 10, 2020, at 7:09 am. These applications were submitted outside of eligible timeframes and received preferential treatment over applications submitted when the system was open to the public because they were assigned the earliest submission order numbers. Of the 486 early applications, 346 SIS awards totaling $1,998,803 were expended and 169 BTG awards totaling $167,664 were expended. SAI questioned these costs.

- *Involvement of Special Interest Groups in the Administration of the BTG and SIS Programs*: The State of Oklahoma allowed individuals employed by outside entities/special interest groups to actively administer the SIS and BTG programs largely without oversight from the State of Oklahoma and without entering into an appropriate executed agreement governing their involvement. These individuals also did not have appropriate experience to administer federal grant programs.

Bridge the Gap Digital Wallet Program

- SAI identified 39,634 items, totaling $1,707,377*, which families were allowed to purchase that did not have an educational purpose essential due to the COVID-19 emergency and applicable to a K-12 student. SAI questioned these costs. (*The $1,707,377 includes items already identified by USDE OIG *Oklahoma's Administration of the Governor's Emergency Education Relief Fund Grant* audit.)

- For 34 of 80 (42.50%) Bridge the Gap program applicants tested, totaling $50,088 in awards expended and $1,288,722 in projected noncompliance, the proper documentation was not submitted to adequately determine eligibility for the BTG program. The application states that the applicant does not file income taxes; however, no additional support was obtained by FACTS Management to adequately determine eligibility for the BTG program (SNAP, housing, social security, unemployment, etc.). SAI questioned these costs.

- SAI identified four duplicate BTG awards totaling $7,354. SAI questioned these costs.

- For three of 75 (4%) Bridge the Gap program applicants tested, totaling $2,891 in awards expended, the applicant's Federal Poverty Percentage was not calculated correctly, and the applicant's federal poverty percentage exceeded the 185% threshold. SAI questioned these costs.

Stay in School Program

The State of Oklahoma published program objectives for the Stay in School program do not reflect the way the SIS program was actually administered by the State, and a majority of SIS funds were expended for activities that were not in compliance with the State's published program objectives or the GEER program federal requirements. The Stay in School Notice of Grant Award states in part:

> "**PROJECT DESCRIPTION: STAY IN SCHOOL SCHOLARSHIP**
>
> The Stay in School Fund (SIS Fund) provides emergency education relief through **financial assistance to families of private school students who have faced hardship or changes because of the COVID-19 pandemic and the associated economic shutdown.**
>
> These funds are intended to stabilize both public and private schools by **allowing families to afford to stay in the schools so that students can maintain educational continuity, by keeping existing private school students enrolled in the same school through direct tuition assistance to families**. In the process, these funds are intended to help reduce associated Adverse Childhood Experiences (ACEs) among student bodies."

*The Stay in School FFATA Report program objective states, "*Stay in School scholarship - **provide emergency education tuition assistance to families of private school students who have faced hardships due to COVID-19 and economic downturn**."

The *Stay in School Fund Program Report* dated December 2020 states in part, "The Stay in School Fund program used $10 million from the Governor's Emergency Education Relief (GEER) Fund-provided through the federal Coronavirus Aid, Relief, and Economic Security CARES) Act-to pay for returning Oklahoma private school students to remain in their schools."

SAI noted that published program objectives state clearly that funds are to allow families to afford to keep their children enrolled in the private school they are enrolled in through direct tuition assistance to the families, therefore, the tuition amount for eligible families should reflect the amount of tuition the family would have actually been obligated to pay out of pocket (i.e., net of any discounts or tuition reductions (employee discounts, multi-child discounts, parishioner/pastor discounts, military service discounts, etc.) and, net any scholarships or other financial aid awarded to the student/family for school year 2020-21 or awarded in the prior year that the student/family was entitled to also receive in school year 2020-21).

SAI determined that any tuition payments in excess of the parent's out of pocket obligations would represent direct financial assistance to private schools, rather than families as stated in grant objectives. This grant program was created specifically for families. There were other federal COVID-19 grant programs available for private schools.

In our review of the SIS program, we noted the following issues related to SIS program expenditures that did not meet the programs published objectives:

- *No COVID-19 Financial Hardship*: It appears that the majority of the SIS tuition awards were made to families who did not meet the State of Oklahoma's program objectives to provide emergency education relief through financial assistance to families of private school students who have faced hardship or changes because of the COVID-19 pandemic and the associated economic shutdown. SIS awards, totaling $5,341,257 (55.28% of total funds expended), were provided to 1,073 (of 1,890 or 56.77%) families that **attested** they **did not** anticipate any decrease in income and were not facing economic hardship due to the COVID-19 pandemic and the associated economic shutdown. SAI questioned 1,023 awards and $5,019,963 in expenditures.

- *Federal Poverty % Calculation Errors*: For 2 of 10 (20.00%) SIS approved applications tested, totaling $11,420, from families with a 2019 federal poverty percentage exceeding 350%, SAI noted the applicant's revised Federal Poverty Percentage was not calculated correctly. The projected noncompliance is $49,760. SAI questioned costs of $11,420.

- *Enrollment Issue:* 10 SIS awards, totaling $39,975, were awarded to students that were not enrolled in the same private school for both school year 2019-20 and 2020-2021 per program objectives and the SIS FAQs. SAI questioned these costs. SAI also noted that several students were denied an SIS award because they were in an ineligible grade level, or they were not a returning student. It appears that the grade level requirements in the FAQs were not followed in many cases but were in others, leading to preferential treatment of some applicants.

- *Record Retention:* FACTS Management failed to retain the email correspondence from the private schools verifying the enrollment status for both the 2019-20 and 2020-21 school year. This results in an exception for every SIS award.
  Note: The email correspondence was comprised of an excel worksheet with fields the private school filled out indicating whether the student was enrolled in the 19-20 school year and the 20-21 school year. SAI determined that the email was not adequate evidence that the student actually attended the school.

In our review of the SIS program, we noted the following issues related to tuition payments that did not meet the programs published objectives:

For 65 of 75 (86.67%) SIS applications tested, totaling $347,205, SAI was unable to verify that the tuition amounts invoiced by and paid to the private schools represented the amount of tuition the family would have actually been obligated to pay out of pocket (the other 10 applications were for students at tuition free schools and payments totaled $65,000). It appears that private schools **were not required to submit a detailed statement showing the tuition rate and listing of all scholarships/financial aid or tuition reductions the family already was entitled to receive** (employee discounts, multi-child discounts, parishioner/pastor discounts, military service discounts, etc.). Instead, private schools were allowed to submit an invoice to the SIS program that just reflected the full tuition rate (limited to $6,500) or whatever amount the school wanted to list. SAI reviewed a large number of tuition invoices, and it appears that this exception applies to almost all SIS awards except for the students attending tuition free schools.

- *Preferential Treatment Issues - Unfair Distribution of SIS funds Between Private Schools:* The program FAQs were written in an unclear manner resulting in some schools making inquiries as to whether the school

could bill for the entire $6,500 per student or whether this amount was limited to the tuition due from the parents. Some individuals were instructed by the program administrator through emails that they were allowed to bill for the entire amount of $6,500. Other schools limited the request for payments to only the amounts the parents were required to pay which were net of discounts, scholarships, and other aid. The guidelines of the grant were not uniformly applied in all situations resulting in some schools receiving from $1,000 to over $250,000 less in SIS funds than they would have received if they had invoiced the SIS program the school's full tuition rate or the $6,500 SIS program limit as a significant number of other schools did.

SAI identified the following tuition overpayments:

- SAI identified 45 SIS awards paid to two private schools that were not net of applicable employee discounts totaling $191,237 in overpayments. SAI questioned these costs. In addition, SAI noted over 100 additional SIS awards paid to 43 private schools for which SAI was unable to determine the actual employee discount amount applicable.

- SAI identified 68 SIS awards paid to seven private schools that were not net of applicable multi-child discounts totaling $70,196 in overpayments. SAI questioned these costs. In addition, SAI noted 13 other private schools for which no multi-child discounts were applied, however, SAI was unable to determine the actual multi-child discount amount applicable.

- SAI identified 17 SIS awards paid to six private schools that were not net of the student's Lindsey Nicole Henry Scholarship awards totaling $54,375 in overpayments. SAI questioned these costs.

- SAI identified 64 SIS awards paid to 10 (non-exception) private schools that were not net of other scholarships and/or financial aid the student was already receiving totaling $163,047 in overpayments. SAI questioned these costs. In addition, SAI noted a significant number of private schools that advertise they offer financial aid to lower income students, however, the tuition invoices submitted by the schools do not reflect any financial aid for any students and SAI was unable to determine the actual aid amount.

- SAI identified seven SIS awards paid to two private schools, totaling $15,706 in overpayments, that included payments for non-tuition items (private therapy, clothing) and tuition for non-allowable school year (2021-22). SAI questioned these costs.

Exception Private Schools:

SAI noted that 279 approved applications totaling $1,802,291 in tuition assistance averaging $6,460 per award were paid to five different exception private schools. These 5 private schools received significant preferential treatment because they were allowed the following exceptions:

- Early access to the application system prior to the public go-live date.
- The full $6,500 SIS limit per student ($6,000 for one school).
- Enrollment exceptions for new students that had not previously attended the school

In addition, these five exception schools represent only 5.15% (5/97) of all private schools awarded SIS funds. **However, the exceptions schools were awarded 18.65% ($1,802,291/$9,662,413) of the total SIS funds spent.**

Involvement of Special Interest Groups in the Exception School Selection and Transparency Issues: According to email records reviewed by SAI and discussions with FACTS Management staff members, the list of the five exception schools was provided by the president of Libertas Consulting LLC., an SIS program administrator who was a senior advisor to a special interest group while administering the SIS program. Emails showed that this individual was given authority to create the direction of the SIS funds without entering into a contractual agreement with the State of Oklahoma. The State of Oklahoma did not identify a separate COVID-19 emergency

educational need applicable to these 5 private schools in their published program objectives, the State was not transparent in the selection of these 5 exception private schools, and the State did not report the use of SIS funds.

SAI identified the following issues in our review of these exception schools:

- The majority of SIS funds paid to these five exception private schools do not meet the published program objectives in the Notice of Grant Award or the FFATA report that state clearly that funds are to be used to ensure **families** affected by COVID-19 and the associated economic downturn can afford to keep their children enrolled in the private school they are already enrolled in through direct tuition assistance to the families.

  - For 2 private schools with 139 SIS awards totaling $899,794, tuition was free for all students.
  - For 3 private schools with 140 SIS awards totaling $902,496, the family of the student was only responsible for 10% or less of the total tuition costs based on income level.

  These 5 private schools were either tuition free or, the family was only responsible for 10% or less of the tuition costs. **The State of Oklahoma failed to verify the actual tuition obligation of the families, which may have resulted in excessive payments to the schools. These funds were not intended to financially support private schools, these funds were intended to financially support families impacted by COVID-19 with their tuition payments.**

- *Exception School Open House and Early Submission of Applications*: It appears that individuals responsible for the administration of the SIS program (See *Involvement of Special Interest Groups* above**)** allowed the five exception schools to hold an open house in which applications from these schools could be submitted prior to the public go-live date/time of August 10, 2020, at 7:09 am. These applications were submitted outside of eligible timeframes and received preferential treatment for both the BTG and SIS programs over applications submitted when the system was open to the public because they were assigned the earliest submission order numbers.

- *No Open or Transparent Selection Process:* It appears that no other schools were considered for the exception school designation even though SAI identified three other schools that met one or more of the exception categories listed in the SIS FAQs, resulting in preferential treatment given the five exception schools per the following:

  - The 5 exception schools had 30% more applicants who were awarded SIS funds than the other three schools.
  - The 5 exception schools received 44.23% more SIS awards per number of students enrolled and $2,837 more per enrolled student (based on 2020-21 enrollment) than the other three schools.
  - The 5 exception schools received early access to the application system, however, no applications from the other three schools were submitted early which, therefore, did not receive preferential submission order numbers for the SIS and BTG programs.

SAI Determination of Unallowable Costs Related to Exception Schools:

- SAI identified 220 SIS awards totaling $1,308,636 paid for tuition costs that were already funded by existing scholarship programs or work study programs, and SIS funds paid in excess of the families out of pocket tuition responsibilities. SAI questioned these costs which *are not* included in the tuition overpayments listed above.

- SAI identified 140 SIS awards totaling $904,496 in tuition costs for families that attested that they were not experiencing a financial hardship. SAI questioned these costs which are already included in the No COVID-19 Financial Hardship section above.

- SAI identified 60 BTG awards totaling $86,986 and 124 SIS awards totaling $802,500 related to applications from 4 exception schools that were submitted prior to the public go live date of August 10, 2020. SAI questioned these costs which are already included in the Early Application Submissions section above.

The State of Oklahoma allowed significant amounts of SIS funds schools to be paid directly to private schools for tuition costs that did not meet the programs published objectives (i.e., in excess of the families actual out of pocket tuition costs, no COVID-19 related economic hardship). However, SAI noted that 657 students of families that appeared eligible were denied the SIS award as funds were no longer available.

Cause: The State of Oklahoma did not identify a fiscal agent that had the appropriate experience with administering Federal grant funds and understanding the types of activities that may be supported by the GEER grant. See description of the activities associated with the States selection of a fiscal agent for the Learn Anywhere program, the BTG program and, the SIS program as well as a description of the States contracting process for the BTG and SIS programs in Audit Finding # 2021-019.

The State of Oklahoma did not gain an understanding of the applicable Federal laws and grant requirements and did not establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award as required by 2 CFR 200.303.

The State of Oklahoma failed to limit the types of items families could purchase online with their digital wallet awards. According to OEQA staff and emails obtained by SAI, the Executive Director of Every Kid Counts Oklahoma (EKCO) (also serving as the Secretary of Education) gave *blanket approval* of all vendors on Class Wallet's system, and the approval applied to all items the vendors offered on Class Wallet's system. The State did not utilize available Class Wallet system controls, through which they could have limited certain vendors and the types of purchases made by grant recipients. In addition, the State failed to review any purchasing reports available from Class Wallet's digital wallet system which should have alerted the State to the unallowable and questionable purchases.
.
The States' SIS program guidance per the FAQs was vague and conflicted with the program's stated objectives.

It appears there was inconsistent and inadequate communication between SIS program administers, FACTS Management employees, and the private schools regarding what the SIS tuition amount invoiced should include.

The State of Oklahoma failed to perform any monitoring of the subrecipient's awarding process or the funds expended by the subrecipients with the exception of the funds that were monitored by the Oklahoma State Department of Education.

The State of Oklahoma failed to perform adequate monitoring of the unpaid individuals performing administrative duties for the SIS and BTG programs who were outside the employment of the State of Oklahoma or the State's subrecipients.

The State of Oklahoma failed to ensure that subrecipients retained all books and records required for monitoring and audit purposes.

The State of Oklahoma failed to ensure that the individuals who were performing administrative duties for the SIS and BTG programs who were outside the employment of the State of Oklahoma or the State's subrecipients retained all books and records required for monitoring and audit purposes.

Effect: It appears that the State of Oklahoma could have provided tuition assistance to many more families, including the 657 students of families that appeared eligible but were denied the SIS award as funds were no longer available, if the SIS tuition assistance had been limited to 1) the parents true out of pocket expenses, and 2) families of private school students who had faced hardship or changes because of the COVID-19 pandemic and the associated economic shutdown.

Because the amount of the BTG awards was not based on the number of K-12 students in the family, households with only one student received proportionally far more funds per student than multi-child families. Given the large number of unnecessary items purchased with BTG funds, limiting the items purchased to preapproved, essential items only and awarding the funds per student could have ensured funds were distributed fairly, used for appropriate purposes and, provided assistance to many more families that were denied the award after funds were no longer available.

Failure to provide adequate oversite of subrecipients greatly increases the risk of unallowable costs, mismanagement, and possible fraud.

Failure to ensure the programs policies and procedures/controls were adequately documented and appropriately reflect the programs stated objectives increases the risk that the program was not administered consistently and in compliance with the programs objectives.

Failure to ensure the programs policies and procedures were administered consistently led to preferential treatment in the distribution of federal funds.

Failure to secure adequate supporting records from the subrecipient led to increased risk that documentation may not be properly retained and available for monitoring and audit purposes.

Failure to ensure Federal programs are administered either by appropriate State agencies or entities operating under executed agreements that comply with federal regulations led to the inability to ensure documentation was retained as required and monitoring and audit activities could be performed appropriately.

Recommendation: We recommend that the State of Oklahoma immediately obtain all subrecipients' (Tri-county Tech and Class Wallet) books and records necessary to verify that all GEER funds paid to the subrecipients were used for allowable activities and costs and that subrecipients were in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award and the GEER program award objectives.

We recommend that the State of Oklahoma ensure projects funded with GEER funds are only administered by State Agencies or other entities with appropriate experience in administering Federal grants and an understanding of the requirements related to activities allowed or unallowed and allowable costs.

We recommend that the State of Oklahoma and its fiscal agent gain an understanding of the applicable Federal laws and grant requirements and develop adequate policies and procedures/internal controls to ensure sufficient information and documentation is obtained timely and maintained by the State or the appointed fiscal agent for all Federal awards administered by the agencies and/or entities appointed by the State to administer the Federal awards.

We recommend that the State of Oklahoma revise the published Stay in School Report to accurately reflect how the SIS funds were used, and to accurately identify the entities that benefited from the SIS funds including the amount of assistance provided to those entities.

Criteria: 2 CFR § 200.303(a) – *Internal Controls* states in part, "The Non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award."

2 CFR § 200.334 – *Retention requirements for records* state in part, "Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient."

2 CFR § 200.337 Access to records states in part, "(a) Records of non-Federal entities. The Federal awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives, must have the right of access to any documents, papers, or other records of the non-Federal entity which are pertinent to the Federal award, in order to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the non-Federal entity's personnel for the purpose of interview and discussion related to such documents."

U.S. Department of Education's Frequently Asked Questions about the Governor's Emergency Education Relief Fund (GEER Fund) question A-11. *Who should a Governor designate to be the fiscal agent for the GEER Fund grant* states in part, "The fiscal agent is responsible for overseeing and monitoring all GEER Fund activities in the State. Therefore, it is recommended that the Governor designate an agency with appropriate experience in administering Federal grants and an understanding of the types of activities that may be supported by the GEER Fund. The fiscal agent may partner with additional State Agencies or other entities to administer the State's GEER Fund. However, such arrangements do not obviate the fiscal agent's responsibility for oversight of the GEER Fund."

Oklahoma's Grant Award Notification, Enclosure 4, states that "all grantees and subgrantees must have procedures for determining the allowability of costs for their awards."

The U.S. Department of Education's Certification and Agreement for Funding under the Education Stabilization Fund Program Governor's Emergency Education Relief; Governor's Emergency Education Relief Fund, *Part B, PROGRAMMATIC, FISCAL, AND REPORTING ASSURANCES* states in part, "The State will ensure that every recipient and subrecipient of GEER funds will cooperate with any examination of records with respect to such funds by making records available for inspection, production, and examination, and authorized individuals available for interview and examination, upon the request of (i) the Department and/or its Inspector General; or (ii) any other federal agency, commission, or department in the lawful exercise of its jurisdiction and authority."

Office of Educational Quality and Accountability (OEQA) Grant Award Notification, (6) *Project Description: Digital Wallet* states in part "A program to provide accounts of $1,500 directly to 5,000 Oklahoma families at or below the Federal poverty line to purchase curriculum content, tutoring services, technology and/or internet connectivity. Overhead for the digital wallet is $50/application. (Max of $250,000 will go to application fees.)"

Office of Educational Quality and Accountability (OEQA) Grant Award Notification, (6) *Project Description: Stay in School Scholarship* states in part, "The Stay in School Fund (SIS Fund) provides emergency education relief through financial assistance to families of private school students who have faced hardship or changes because of the COVID-19 pandemic and the associated economic shutdown. These funds are intended to stabilize both public and private schools by allowing families to afford to stay in the schools so that students can maintain educational continuity, by keeping existing private school students enrolled in the same school through direct tuition assistance to families. In the process, these funds are intended to help reduce associated Adverse Childhood Experiences (ACEs) among student bodies."

U.S. Department of Education's Frequently Asked Questions about the Governor's Emergency Education Relief Fund (GEER Fund) Questions:

> A-6. *In order to provide emergency grants to IHEs and LEAs (which receive direct aid through other parts of the CARES Act), does the Governor need to make any other determinations?* states, "If the recipients are LEAs, the State educational agency (SEA) must determine that the LEAs have been the "most significantly impacted by coronavirus" to be eligible for a GEER Fund emergency grant. Similarly, if IHEs are the recipients, the Governor must determine them to be the "most significantly impacted by coronavirus.
>
> The Department will require Governors to make publicly available the criteria used in determining the LEAs and IHEs that are "most significantly impacted by coronavirus," including how they formulated the criteria.
>
> A-8. *May a Governor or an eligible entity use GEER funds to pay for costs incurred prior to receiving grant funds?*
> Yes. A Governor or an eligible entity may use GEER funds for any allowable expenditure incurred on or after March 13, 2020, the date the President declared the national emergency due to COVID-19.

A-9. *May a Governor or a subgrant eligible entity use GEER funds to defray the costs of administering the program?*
Yes. The Governor and each eligible entity may charge as an expense to the GEER Fund an amount that is reasonable and necessary to effectively administer the program consistent with cost principles in 2 C.F.R. part 200, subpart E of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Administrative costs include costs (direct and indirect) involved in the proper and efficient performance and administration of this Federal grant. However, to maximize the funds available for services to students and the public, the Department encourages each Governor and subgrantee to minimize the amount of administrative costs charged to the program.

A-11. *Who should a Governor designate to be the fiscal agent for the GEER Fund grant?*
Each Governor must designate a State Agency as the fiscal agent to administer the GEER Fund, which may be the Office of the Governor or another State entity. In the GEER Fund Certification and Agreement, the Governor provides the legal name of the State Agency serving as the fiscal agent and its DUNS number.

The fiscal agent is responsible for overseeing and monitoring all GEER Fund activities in the State. Therefore, it is recommended that the Governor designate an agency with appropriate experience in administering Federal grants and an understanding of the types of activities that may be supported by the GEER Fund.

The fiscal agent may partner with additional State Agencies or other entities to administer the State's GEER Fund. However, such arrangements do not obviate the fiscal agent's responsibility for oversight of the GEER Fund."

Views of Responsible Official(s)
Contact Person: Jennifer Fisher Walford, Director Grants Management Office OMES & John Laws, Chief Financial Officer for the State of Oklahoma
Anticipated Completion Date: GEER II policies and procedures – April 2024
[No anticipated completion date given for the post-award findings for GEER I]
Corrective Action Planned: The State of Oklahoma partially agrees with this finding. Please see the corrective action plan located in the corrective action plan section of this report.

Auditor Response: The agency response states, …"As discussed above, the State will provide the SAI with the post-award findings for GEER I when they are complete." SAI reiterates that OMES [or third parties] did not perform any monitoring or review of the GEER I expenditures for the Skills to Rebuild, BTG, or SIS programs during the audit period, and no material review of these expenditures has been performed to date.

The agency response states, … "OMES has made numerous attempts to recover the books and records,…" The evidence provided to and reviewed by SAI does not support the claim that OMES has made numerous attempts to recover the books and records…" See the following in "Cause' section of finding # 2021-019, "In October of 2021, OMES contracted with a consulting firm to perform subrecipient monitoring over the non-OSDE administered GEER programs, SAI noted that, from the time OMES was appointed as the fiscal agent until the end of 2022, neither OMES nor the consulting firm appropriately secured all of the books and records of Tri-County Tech, Class Wallet and FACTS Management **that are required to perform adequate oversight and monitoring of the programs.** OMES paid the consulting firm over $300,000 as of the end of 2022, even though virtually no subrecipient monitoring was performed. In May of 2023, SAI learned that OMES entered into an agreement with **an additional** consulting firm (contract dated August 11, 2022) to provide **limited services** related to the verification of the enrollment status of students who received SIS awards."

The agency response states, … "…however some of the subrecipients, in clear breach of contract, have destroyed many of those records." SAI notes that the State of Oklahoma failed to ensure that the contract with FACTS Management included the required record retention clause. While Class Wallet actually signed the agreement with FACTS, it appears they did so at the direction of the State of Oklahoma, and the State played an integral part in reviewing both the contract wording and the content of the 'scope of work' included with the contract. In addition, the

emails not retained by FACTS Management do not constitute the bulk of the applicable books and records and OMES could have obtained the majority of the information needed to perform required monitoring.

The agency response states, … "OMES would welcome working with the SAI in reviewing all materials received by OMES or the SAI." SAI notes that it is management's' responsibility to obtain and review the books and records of subrecipients and to review those records to verify that all GEER funds were used for allowable activities and costs and that all federal expenditures were in compliance with Federal statutes, regulations, and the terms and conditions of the GEER I Federal award and the GEER program award objectives. SAI would be available to consult with OMES to explain or clarify the compliance requirements. Once management has performed the required activities, SAI will include a review of management's applicable activities in our Single Audit procedures.

SAI notes that the core issue is that the State has a duty to be transparent to the public regarding the use of federal funds. We recommend that the State of Oklahoma ensure their communications and reporting to the public are fully transparent with respect to how the SIS funds were actually used, what entities/individuals benefited from the SIS funds and, the amount of assistance provided to those entities/individuals.

OKLAHOMA DEPARTMENT OF EDUCATION

FINDING NO: 2021-018
STATE AGENCY: Oklahoma State Department of Education (OSDE)
FEDERAL AGENCY: United States Department of Agriculture (USDA)
AL NO: 10.558
FEDERAL PROGRAM NAME: Child and Adult Care Food Program (CACFP)
FEDERAL AWARD NUMBER: 6OK300330, 6OK300349
FEDERAL AWARD YEAR: 2021
CONTROL CATEGORY: Subrecipient Monitoring
QUESTIONED COSTS: $0

Criteria: 2 CFR § 200.501 **(h)** ***For-profit subrecipient***. Since this part does not apply to for-profit subrecipients, the pass-through entity is responsible for establishing requirements, as necessary, to ensure compliance by for-profit subrecipients. The agreement with the for-profit subrecipient must describe applicable compliance requirements and the for-profit subrecipient's compliance responsibility. Methods to ensure compliance for Federal awards made to for-profit subrecipients may include pre-award audits, monitoring during the agreement, and post-award audits. See also § 200.332.

OSDE's for-profit institution FY21 CACFP Agreement states in part… **"The Institution/Sponsoring organization agrees to:** (11) Comply with Office of Management and Budget (OMB) Circular A-133 and USDA Uniform Assistance Regulations (7 CFR Part 3016). For profit and nonprofit institutions expending $750,000 or more in total federal funds in the previous fiscal year, an organization-wide audit covering the previous fiscal year is due in the State Agency within nine months of the end of the organization's fiscal year. Failure to submit an organization-wide audit by the due date must result in being declared seriously deficient as well as being proposed for termination and disqualification."

Condition and Context: While performing testwork over subrecipient monitoring, we determined that although OSDE's for-profit institution FY21 CACFP Agreement states that for-profit institutions expending $750,000 or more in total federal funds in the previous fiscal year are required to obtain an organization-wide audit covering the previous fiscal year, OSDE did not ensure that for-profit institutions that exceeded the $750,000 threshold in federal funds expended obtained the required organization-wide audit covering the previous fiscal year.

Cause: OSDE did not have adequate controls in place to ensure the audits were performed as required. The Child Nutrition Program staff were unaware that for-profit institutions were required to obtain an organization-wide audit

and, therefore, did not include the for-profit institutions in their monitoring and audit tracking procedures related to institutions that exceeded the $750,000 threshold in federal funds expended.

Effect: OSDE is not in compliance with 2 CFR § 200.501(a)(h) and for-profit institutions were not adequately monitored.

Recommendation: We recommend that OSDE develop adequate policies and procedures/controls to ensure that for-profit institutions that exceeded the $750,000 threshold in federal funds expended are monitored appropriately.

Views of Responsible Official(s)
Contact Person: Jennifer Weber, Executive Director of Child Nutrition
Anticipated Completion Date: July 1, 2022
Corrective Action Planned: The Oklahoma State Department of Education agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-020 (Partial Repeat 2020-073)
STATE AGENCY: Oklahoma State Department of Education (OSDE)
FEDERAL AGENCY: United States Department of Agriculture (USDA)
AL NO: 10.558
FEDERAL PROGRAM NAME: Child and Adult Care Food Program (CACFP)
FEDERAL AWARD NUMBER: 6OK300330, 6OK300349
FEDERAL AWARD YEAR: 2021
CONTROL CATEGORY: Subrecipient Monitoring
QUESTIONED COSTS: $0

Criteria: 2 CFR 3474.1 (a) The Department of Education adopts the Office of Management and Budget (OMB) Guidance in 2 CFR part 200, except for 2 CFR 200.102(a) and 2 CFR 200.207(a). Thus, this part gives regulatory effect to the OMB guidance and supplements the guidance as needed for the Department.

2 CFR § 200.331(b) – *Requirements for pass-through entities* states, "All pass-through entities must evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring, which may include consideration of such factors as:

> **(1)** The subrecipient's prior experience with the same or similar subawards;
>
> **(2)** The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F - Audit Requirements of this part, and the extent to which the same or similar subaward has been audited as a major program;
>
> **(3)** Whether the subrecipient has new personnel or new or substantially changed systems; and
>
> **(4)** The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency)."

2 CFR § 200.303(a) – *Internal Controls* states in part, "The Non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award."

Condition and Context: The OSDE Child Nutrition Department did not adequately evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the Child and Adult Care Food Program (CACFP) subawards for purposes of determining the appropriate subrecipient monitoring.

During our review of the CACFP risk assessment procedures the Department performed during SFY 21, we noted that the Department did not perform the claim validation procedures for the high-risk claims identified during the claim review and, therefore, could not use the results of the claim validations to identify subrecipients with a higher risk of noncompliance for monitoring purposes.

Cause: The OSDE Child Nutrition Department did not have risk assessment procedures designed in time to fully and properly implement them within the audit period.

Effect: Failure to properly evaluate risk for subrecipient monitoring may lead to an increased risk of noncompliance by the subgrantees with the terms and conditions of the Child and Adult Care Food Program subawards.

Recommendation: We recommend that the OSDE Child Nutrition Department fully implement the process they designed to ensure that each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward is appropriately evaluated for monitoring purposes.

Views of Responsible Official(s)
Contact Person: Jennifer Weber, Executive Director of Child Nutrition
Anticipated Completion Date: October 1, 2022
Corrective Action Planned: The Oklahoma State Department of Education partially agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

Auditor Response: The main issue SAI identified was not that OSDE had only implemented procedures for one out of three calendar periods, but that the Department did not perform any claim validation procedures for the subrecipients with high-risk claims identified during the claim data review performed. The purpose of performing a risk assessment is to identify subrecipients with a higher risk of noncompliance for monitoring purposes **and**, to ensure additional monitoring activities are performed for those subrecipients to appropriately follow-up on the risks identified.

FINDING NO: 2021-021 (Prior Year 2020-002 & 2020-07)
STATE AGENCY: Oklahoma State Department of Education (OSDE)
FEDERAL AGENCY: United States Department of Agriculture (USDA)
CFDA NO: 10.558
FEDERAL PROGRAM NAME: Child and Adult Care Food Program (CACFP)
FEDERAL AWARD NUMBER: 60K300349
FEDERAL AWARD YEAR: 2021
CONTROL CATEGORY: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Procurement, Suspension & Debarment, Eligibility, Subrecipient Monitoring
QUESTIONED COSTS: $0

Criteria: 2 CFR § 200.303(a) – *Internal Controls* states in part, "The Non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award."

7 CFR § 226.6(k)(7) – *Administrative reviews of institutions and responsible principals and responsible individuals – Results of Administrative Reviews states, "*The State agency must maintain searchable records of all administrative reviews and their disposition."

Condition and Context:

While testing 46 of 301, or 15.28% of Child and Adult Day Care Center (CADCC) Administrative Reviews (AR) performed during SFY2021, we noted the following issue:

- For 10 of 46, or 21.74% of ARs tested, OSDE was not able to provide adequate supporting documentation that would enable a reviewer to confirm that the OSDE consultant performed the AR appropriately and to confirm that the consultant's conclusions were valid and OSDE appropriately determined compliance with the following requirements:
    - Activities Allowed/Allowable Costs
    - Cash Management
    - Procurement, Suspension and Debarment
    - Eligibility (Individual participant eligibility, Categorical eligibility)
    - Monitoring of Subrecipients

We did not note any material exceptions in the remaining 36, or 78.26% of ARs tested.

Cause: The sample tested included 18 ARs performed by OSDE during the FY20 AR cycle and 28 ARs performed by OSDE during the FY21 AR cycle. All 10 ARs without supporting documentation were from the FY20 AR cycle. During the prior audit period, SAI noted that the Child Nutrition Program department did implement procedures to obtain the necessary supporting documentation for all ARs performed in the FY20 review cycle and had originally stored the documentation at OSDE in file boxes as observed by SAI. Due to an OSDE error, the supporting documentation for the FY20 ARs was inadvertently sent to a shredder prior to SAI being able to review the documentation. Subsequently, OSDE was only able to obtain the necessary support from the CACFP entities for 8 of the 18 FY20 ARs. It appears that management does not have a document retention policies and procedures.

Effect: OSDE is not in compliance with 7 CFR § 226.6(k)(7). In addition, consultants may not have conducted the AR reviews appropriately to ensure subrecipient noncompliance issues were accurately detected.

Recommendation: We recommend that OSDE develop adequate policies and procedures/controls to ensure information and documentation is obtained and maintained by OSDE for all CACFP Administrative Reviews sufficient to allow a reviewer to evaluate whether the tests performed are appropriate and accurate, and whether the analysis conducted, and conclusions reached, by the consultants are valid.

Views of Responsible Official(s)
Contact Person: Jennifer Weber, Executive Director of Child Nutrition
Anticipated Completion Date: July 1, 2021
Corrective Action Planned: The Oklahoma State Department of Education agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-036
STATE AGENCY: Oklahoma State Department of Education (OSDE)
FEDERAL AGENCY: United States Department of Education (USDE)
ALN: 84.425D
FEDERAL PROGRAM NAME: Education Stabilization Fund (ESF) - Elementary and Secondary School Emergency Relief (ESSER) Fund
FEDERAL AWARD NUMBER: S425D00024; S425D210024
FEDERAL AWARD YEAR: 2021
CONTROL CATEGORY: Reporting
QUESTIONED COSTS: $0.00

Criteria: 2 CFR Subpart B § 170.200 *Federal awarding agency reporting requirements* states, "(a) Federal awarding agencies are required to publicly report Federal awards that equal or exceed the micro-purchase threshold and publish the required information on a public-facing, OMB-designated, governmentwide website and follow OMB guidance to support Transparency Act implementation."

2 CFR Subpart B § 170.220 *Award term* states "(a) To accomplish the purposes described in § 170.100, a Federal awarding agency must include the award term in appendix A to this part in each Federal award to a recipient under which the total funding is anticipated to equal or exceed $30,000 in Federal funding."

2 CFR Subpart B § 170.220 *Award term - Appendix A* states,
"I. Reporting Subawards and Executive Compensation

a. *Reporting of first-tier subawards.*

Applicability. Unless you are exempt as provided in paragraph d. of this award term, you must report each action that equals or exceeds $30,000 in Federal funds for a subaward to a non-Federal entity or Federal agency (see definitions in paragraph e. of this award term).

2. *Where and when to report.*

i. The non-Federal entity or Federal agency must report each obligating action described in paragraph a.1. of this award term to *http://www.fsrs.gov.*

ii. For subaward information, report no later than the end of the month following the month in which the obligation was made. (For example, if the obligation was made on November 7, 2010, the obligation must be reported by no later than December 31, 2010.)

3. *What to report.* You must report the information about each obligating action that the submission instructions posted at *http://www.fsrs.gov specify."*

Condition and Context: OSDE did not report the subaward information timely for the following ESSER (84.425D) awards:

- The FFATA report for the revised ESSER I LEA allocations was due on February 28, 2021; however, the report was not submitted until June 4, 2021, 96 days late. This represents increases totaling $746,437.32 for 503 sub-awards.
- The FFATA report for the ESSER I Incentive grant awards was due on August 30, 2020; however, the report was not submitted until January 16, 2021, 139 days late. This represents 78 sub-awards totaling $8,000,000.
- The FFATA report for the ESSER II LEA allocations was due on February 28, 2021; however, the report was not submitted until June 8, 2021, 100 days late. This represents 536 sub-awards totaling $597,021,608.33
- The FFATA report for the ESSER II re-allocations to LEAs which received less than $550 per pupil was due on April 30, 2021; however, the report was not submitted until June 8, 2021, 39 days late. This represents 87 sub-awards totaling $49,093,358.86

Cause: The ESF - ESSER programs are new for OSDE and the FFATA reporting requirements are also new. In addition, OSDE had to allocate and distribute funds to LEAs in a compressed time frame which made it difficult to meet reporting deadlines.

Effect: FFATA reports were not submitted timely.

Recommendation: We recommend that OSDE develop policies and procedures to ensure that FFATA reports and applicable revisions are submitted within the appropriate timeframes.

Views of Responsible Official(s)
Contact Person: Rick Pool, Office of Federal Programs
Anticipated Completion Date: January 30, 2023
Corrective Action Planned: The Oklahoma State Department of Education agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

OKLAHOMA DEPARTMENT OF EMERGENCY MANAGEMENT

FINDING NO: 2021-041
STATE AGENCY: Oklahoma Department of Emergency Management and Homeland Security (the Department)
FEDERAL AGENCY: United States Department of Homeland Security
ALN: 97.036
FEDERAL PROGRAM NAME: Disaster Grants - Public Assistance (Presidentially Declared Disasters)
FEDERAL AWARD NUMBER: FEMA-4117, FEMA-4222, FEMA-4247, FEMA-4256, FEMA-4274, FEMA-4299, FEMA-4315, FEMA-4324, FEMA-4373, FEMA-4438, FEMA-4453, FEMA-4530, FEMA-4575
FEDERAL AWARD YEAR: 2021
CONTROL CATEGORY: Reporting
QUESTIONED COSTS: $0

Criteria: 2 CFR §200.303 - Internal controls states in part, "The Non-Federal entity must*: (*a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award."

Condition and Context: We reviewed the Department's subrecipient agreements/amendments subject to reporting under the Federal Funding Accountability and Transparency Act (FFATA) during SFY 2021 (July 1, 2020, to June 30, 2021) and selected a sample of 72 for testing. We noted 14 of the 72 tested were not reported in the FFATA Subaward Reporting System (FSRS).

Cause: The Department does not have an adequate internal control in place to ensure completion and timely submission of the FFATA report to the FFATA Subaward Reporting System (FSRS).

Effect: The Department is not in compliance with reporting requirements, and the subrecipient agreement/amendment subject to reporting under the Transparency Act may not have been reported accurately.

Recommendation: We recommend the Department develop, document, and execute internal controls to ensure the FFATA report is complete, accurate, properly supported, and timely submitted. These internal controls should provide for a detailed review and approval of the FFATA report prior to submission by an individual, other than the preparer, with adequate knowledge of the grant subawards.

Views of Responsible Official(s)
Contact Person: Garrett Aldridge and Brianna Thomas
Anticipated Completion Date: 2/1/2022
Corrective Action Planned: Management concurs with finding. See corrective action plan located in the corrective action plan section of this report.

Auditor Response: FEMA's monitoring visit noted in the Department's corrective action plan occurred on 8/9/2021-9/3/2021. The new process noted by the Department was adopted in January 2022 and FEMA issued their Management Decision Letter in February 2022. All of these items occurred outside the period under audit which is SFY 2021 (7/1/2020-6/30/2021). Therefore, we cannot close this SFY2021 Single Audit finding. These items will be reviewed during our prior year finding follow-up during the SFY 2022 Single Audit.

FINDING NO: 2021-045
STATE AGENCY: Oklahoma Department of Emergency Management and Homeland Security (the Department)
FEDERAL AGENCY: United States Department of Homeland Security
ALN: 97.036
FEDERAL PROGRAM NAME: Disaster Grants - Public Assistance (Presidentially Declared Disasters)
FEDERAL AWARD NUMBER: FEMA-4109, FEMA-4164, and FEMA-4274
FEDERAL AWARD YEAR: 2020/2021

CONTROL CATEGORY: Reporting
QUESTIONED COSTS: $0

Criteria: 2 CFR § 200.303 (a) – *Internal Control* states, "The non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)."

The instructions for SF-425 for line 10b – *Cash Disbursements* states, "enter the cumulative amount of Federal fund disbursements by the grantee (such as cash or checks) as of the reporting period end date. Disbursements are the sum of actual cash disbursements (of Federally authorized funds) for direct charges for goods and services, the amount of indirect expenses charged to the award, and the amount of cash advances and payments (of Federally authorized funds) made to subrecipients and contractors."

The instructions for SF-425a for line 10b – *Cumulative Federal Cash Disbursements* states, "enter the cumulative amount of the Federal share of cash disbursed for each award. Cash disbursements are the sum of actual cash disbursements for direct charges for goods and services, the amount of indirect expenses charged to the award, and the amount of cash advances and payments made to subrecipients and contractors."

A basic objective of Generally Accepted Accounting Principles is to provide accurate, reliable, and timely information. In addition, a key element of internal controls is the performance of a reconciliation of funds between the agency and external records. The reconciliation process is essential because it ensures that accounting records are accurate and errors are detected and corrected in a timely manner.

Condition and Context: On a quarterly basis, the Department is responsible for reporting to FEMA on the SF-425 and SF-425a reports the cumulative cash disbursements (line 10b) for each open disaster.

For the quarter ending 9/30/2020, we noted the cumulative cash disbursements line on the SF-425a did not include the cumulative cash disbursements for three disasters. The omitted disbursement amounts for the following disasters totaled $65,776,657:

- 4109-PA: $57,646,681
- 4164-PA: $3,947,030
- 4274-PA: $4,182,946

In addition, the recipient share for disaster 4453 was not reported on the SF-425 for the quarter ending 9/30/2020.

For the quarter ending 12/31/2020, we compared the funds authorized amounts on the SF-425 and SF-425a to the funds authorized amounts on the SAG Report and noted variances totaling ($9,329,201) for the following disasters:

- 4256-PA: $24,886
- 4315-PA: ($100,467)
- 4438-PA: ($9,016,191)
- 4453-PA: ($237,429)

We tested the 3/31/2021 quarterly reports and the variances above were not noted in that subsequent quarter.

Cause: The Department did not have adequate controls in place throughout the year to ensure the SF-425 and SF-425a were reconciled on a quarterly basis prior to submission to FEMA.

Effect: The quarterly SF-425 and SF-425a reports that were submitted to FEMA contained errors.

Recommendation: We recommend the Department develop policies and procedures/internal controls to ensure that the amounts and disasters reported on the SF-425 and SF-425a are calculated in accordance with the instructions and

agree to the accounting records. Also, we recommend the Department perform an adequate and timely reconciliation of SF-425 and SF-425a reports prior to submitting to FEMA.

Views of Responsible Official(s)
Contact Person: Brianna Thomas or Garrett Aldridge
Anticipated Completion Date: Completed 3/31/2021
Corrective Action Planned: Management concurs with finding. See corrective action plan located in the corrective action plan section of this report.

Auditor Response: The procedural changes noted by management in the Department's corrective action plan were not fully adopted until midway through the audit period of SFY 2021 (7/1/2020-6/30/2021). Additionally, the updated SOP was not submitted until after the close of SFY 2021. Therefore, we cannot close this SFY2021 Single Audit finding. These items will be reviewed during our prior year finding follow-up during the SFY 2022 Single Audit.

FINDING NO: 2021-073 (Repeat #2020-066)
STATE AGENCY: Oklahoma Department of Emergency Management and Homeland Security (the Department)
FEDERAL AGENCY: United States Department of Homeland Security
ALN: 97.036
FEDERAL PROGRAM NAME: Disaster Grants – Public Assistance (Presidentially Declared Disasters)
FEDERAL AWARD NUMBER: FEMA-4117, FEMA-4222, FEMA-4247, FEMA-4256, FEMA-4274, FEMA-4299, FEMA-4315, FEMA-4324, FEMA-4373, FEMA-4438, FEMA-4453, FEMA-4530, FEMA-4575
FEDERAL AWARD YEAR: 2020/2021
CONTROL CATEGORY: Subrecipient Monitoring
QUESTIONED COSTS: $0

Criteria: 2 CFR §200.303 - Internal controls states in part, "The Non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award…."

2 CFR §200.332 – *Requirements for pass-through entities* states, "All pass-through entities must:

(a) "Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:

(2) All requirements imposed by the pass-through entity on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award;

(3) Any additional requirements that the pass-through entity imposes on the subrecipient in order for the pass-through entity to meet its own responsibility to the Federal awarding agency including identification of any required financial and performance reports;

(d) "Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:

(1) Reviewing financial and performance reports required by the pass-through entity.

(2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.

(3) Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by §200.521 Management decision."

2 CFR §200.521 – *Management decision* states,

(c) "*Pass-through entity.* As provided in §200.331 Requirements for pass-through entities, paragraph (d), the pass-through entity must be responsible for issuing a management decision for audit findings that relate to Federal awards it makes to subrecipients."
(d) "*Time requirements.* The Federal awarding agency or pass-through entity responsible for issuing a management decision must do so within six months of acceptance of the audit report by the FAC. The auditee must initiate and proceed with corrective action as rapidly as possible and corrective action should begin no later than upon receipt of the audit report."

Condition and Context: We noted that for one subrecipient single audit, the Department should have issued a management decision on an audit finding and followed up to ensure the subrecipient took appropriate and timely corrective action. The management decision letter was not issued to the subrecipient.

In addition, we were unable to determine a review process was in place for the subrecipient risk assessment monitoring.

Cause: A new reviewer misinterpreted the requirement to follow up to ensure the subrecipient took appropriate action on all deficiencies pertaining to the Federal award and issue a management decision within six months of acceptance of the audit report by the FAC. Follow-up communication with subrecipient did not occur and/or the communication was not retained.

Further, due to COVID -19 procedures in place, no risk assessment meetings took place during SFY2021.

Effect: The Department did not follow up to ensure that the subrecipient took timely and appropriate action on deficiencies detected though audits.

In addition, a subrecipients risk may change over time requiring changes in the monitoring plan for the subrecipient. Proper monitoring and evaluation of the risks enables the Department to properly monitor subrecipients.

Recommendation: We recommend the Department review the current subrecipient processes and implement the necessary processes to ensure all subrecipients are monitored in accordance with the requirements. This should include continuing to track when subrecipients submit their Single Audits and ensure proper training is given to audit reviewers to ensure management decision letters are issued and that subrecipients take timely and appropriate action on deficiencies detected though audits.

Further, we recommend that the Department resume management subrecipient risk assessment evaluations.

Views of Responsible Official(s)
Contact Person: Lisa Robinson and Brianna Thomas
Anticipated Completion Date: 1/31/2023
Corrective Action Planned: Management concurs with finding. See corrective action plan located in the corrective action plan section of this report.

OKLAHOMA EMPLOYMENT SECURITY COMMISSION

FINDING NO: 2021-001 (Repeat #2020-017)
STATE AGENCY: Oklahoma Employment Security Commission
FEDERAL AGENCY: U.S. Department of Labor
ALN: 17.225
FEDERAL PROGRAM NAME: Unemployment Insurance
FEDERAL AWARD NUMBER: N/A – No grant award number exists
FEDERAL AWARD YEAR: 2020 and 2021
CONTROL CATEGORY: Activities Allowed/Unallowed, Allowable Costs/Cost Principles, Eligibility

QUESTIONED COSTS: $88,344

Criteria: The *Government Accountability Office (GAO) Standards for Internal Control in the Federal Government* 9.04 states, in part, "As part of risk assessment or a similar process, management analyzes and responds to identified changes and related risks in order to maintain an effective internal control system. Changes in conditions affecting the entity and its environment often require changes to the entity's internal control system, as existing controls may not be effective for meeting objectives or addressing risks under changed conditions. Management analyzes the effect of identified changes on the internal control system and responds by revising the internal control system on a timely basis, when necessary, to maintain its effectiveness."

The *Government Accountability Office (GAO) Standards for Internal Control in the Federal Government* 10.03 states, in part, "Management designs appropriate types of control activities for the entity's internal control system. Control activities help management fulfill responsibilities and address identified risk responses in the internal control system. … Management establishes physical control to secure and safeguard vulnerable assets. Examples include security for and limited access to assets such as cash, securities, inventories, and equipment that might be vulnerable to risk of loss or unauthorized use. Management periodically counts and compares such assets to control records."

The *Government Accountability Office (GAO) Standards for Internal Control in the Federal Government* 10.06 states, "Control activities can be implemented in either an automated or a manual manner. Automated control activities are either wholly or partially automated through the entity's information technology. … Automated control activities tend to be more reliable because they are less susceptible to human error and are typically more efficient. If the entity relies on information technology in its operations, management designs control activities so that the information technology continues to operate properly."

The *Government Accountability Office (GAO) Standards for Internal Control in the Federal Government* 11.13 states, in part, "Management evaluates security threats to information technology, which can be from both internal and external sources. External threats are particularly important for entities that depend on telecommunications networks and the Internet. External threats have become prevalent in today's highly interconnected business environments, and continual effort is required to address these risks."

Oklahoma Statute 40§2-206 states, "The unemployed individual must have been unemployed for a waiting period of one (1) week. No week shall be counted as a week of unemployment for the purposes of this section:

(4) Unless it occurs within the benefit year which includes the week with respect to which he claims payment of benefits;
(5) If benefits have been paid with respect thereto;
(6) Unless the individual was eligible for benefits with respect thereto."

A component objective of an effective internal control system is to ensure accurate and reliable information through a proper review and approval process.

Condition and Context: The OESC paid out an unprecedented amount of roughly $3 billion due to a massive increase in the number of Unemployment Insurance (UI) claims for state fiscal year 2021, a period during which the COVID-19 pandemic was ongoing and extraordinary measures were taken to protect the public health.

When testing our sample of 113 Unemployment Insurance individual claim payments totaling $42,130 (identified by check number per payment data), we noted fraudulent payments totaling $884 paid to 2 claimants and administrative overpayments totaling $1,409 paid to 4 claimants (5.3% error rate). Administrative overpayments result from a variety of circumstances, but many of the overpayments during this timeframe resulted from the complexity and continual revision of requirements for eligibility and the volume associated with the federal benefit programs. In isolating these 6 claimants from our entire population per the applicant identifier (SSN per data), we identified 119 payments totaling $49,400 in fraudulent benefit expenditures, and 144 payments totaling $35,383 in administrative overpayments. Lastly, there were 94 payments totaling $3,561 in administrative overpayments for state and federal income tax withholdings on those 4 claimants in state fiscal year 2021.

Cause: The agency's internal controls were insufficient to prevent overpayments related to fraud or administrative

error related to unemployment benefit payments. The lack of controls over the Unemployment Insurance benefit payments that led to the increase in fraud and overpayments was a result of the following factors:

- The agency had an antiquated system that lacked proper automated edits and matching of all necessary fields at the time a claim was filed to adequately prevent, deter, and detect overpayments related to fraud or administrative error for unemployment claims
- The massive number of claims, many using stolen identities, overwhelmed UI staff and the antiquated system
- An emergency declaration was declared by the Governor, waiving the one week waiting period which allowed benefits to begin paying immediately (declaration canceled October 25, 2020)
- Due to social distancing measures in place, UI staff was not able to physically verify a claimant's information to establish eligibility and to detect overpayments related to fraud or administrative error prior to payment for the first part of the fiscal year
- There was a short amount of time to implement federal requirements with little guidance
- Staffing was inadequate to handle the volume of claims for all Unemployment Insurance programs
- Training related to the various Unemployment Insurance program requirements was inadequate for all staff
- The largely manual process of mailing notifications to employers caused delays in employer disputes
- Administrative overpayments resulted from a variety of circumstances, but many of the overpayments during this timeframe resulted from the complexity and continual revision of requirements for eligibility and the volume associated with the federal benefit programs

Effect: The result was the continuation from fiscal year 2020 of increased levels of fraud and overpayment cases or claims, which continued to further deplete the Unemployment Insurance Trust Fund. Collection efforts for administrative overpayments are limited to recovery from future benefits.

In addition, with roughly $3 billion in Unemployment Insurance claims paid out in state fiscal year 2021, we expect the dollar amount and number of fraudulent and overpayment claims to be extensive. Efforts by OESC to identify and investigate known and suspected claims, and recover fraudulent and overpayment claims, are ongoing. However, we do feel that OESC has made big improvements in identifying trends or anomalies in the data that has allowed the agency to suspend large amounts of potentially fraudulent or overpayment claims until they can be worked. Because OESC is performing an exhaustive review of paid claims to determine which are fraudulent or overpayments, we will not project our known results to the population.

Recommendation: We recommend the OESC perform the following:

- Continue to work to strengthen internal controls over the automated system to better detect and prevent unemployment insurance benefit overpayments related to fraudulent or administrative errors.
- Continue to refine the analytics process that will help better identify trends or anomalies in the data to catch fraudulent claims timelier and save taxpayer monies.
- Work to strengthen their eligibility verification process to help prevent fraudulent claims.
- Continue to work with the U.S. Department of Labor to recover the remaining fraudulent payments.
- Continue to work to establish overpayment resolution for unemployment benefit claims.

Views of Responsible Official(s)
Contact Person: Shelley Zumwalt, Executive Director
Anticipated Completion Date: The efforts required for fraud prevention are not expected to end, as bad actors are expected to continually pursue new methods to exploit unemployment benefit systems in all states.
Corrective Action Planned: The Oklahoma Employment Security Commission agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-002 (Repeat #2020-064)
STATE AGENCY: Oklahoma Employment Security Commission
FEDERAL AGENCY: U.S. Department of Labor
ALN: 17.225
FEDERAL PROGRAM NAME: Unemployment Insurance
FEDERAL AWARD NUMBER: N/A – No grant award number exists
FEDERAL AWARD YEAR: 2020 and 2021

CONTROL CATEGORY: Reporting
QUESTIONED COSTS: $0

Criteria: 2 CFR § 200.62, "Internal control over compliance requirements for Federal awards means a process implemented by a non-Federal entity designed to provide reasonable assurance regarding the achievement of the following objectives for Federal awards: (a) Transactions are properly recorded and accounted for, in order to: (1) Permit the preparation of reliable financial statements and Federal reports."

2 CFR § 200.510 (b), "Schedule of expenditures of Federal awards. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended…."

2 CFR § 200.502 (a), "Determining Federal awards expended. The determination of when a Federal award is expended must be based on when the activity related to the Federal award occurs…."

OMES Form Z Instructions – IV. Specific Instructions B (5), …. "Detailed data should be maintained for both receipts and disbursements to support amounts submitted."

OMES Form Z Instructions – IV. Specific Instructions C - Working Papers, "The agency should keep any documents that support data on the summary. For example, agencies should thoroughly document: How you computed each amount. The source(s) of data for each amount."

A component objective of an effective internal control system is to ensure accurate and reliable information through a proper review and approval process.

Condition and Context: Based on the review of the 2021 GAAP Package Form *Z-1 – Schedule of Expenditures of Federal Awards (SEFA)* for the Unemployment Insurance Program (Assistance Listing (AL) #17.225 and AL #17.225COV), which utilizes the modified-accrual basis of accounting, we noted that the OESC had only included Unemployment Insurance benefit payments with an issue date prior to June 30, 2021 and paid after June 30, 2021 to calculate the amount for the benefit payments portion of Accounts Payable. This amount should have been calculated to include claims based on an economic event or service date prior to the fiscal year end (i.e. the check week-end date), yet were not paid until after year-end. We requested the Unemployment Insurance benefit payment data for July and August of 2021 and used check week-end date for payables to determine the total SEFA Accounts Payable expenditures should have been $13,823,076 for AL #17.225 and $30,331,957 for #17.225COV. The original SEFA amounts for Accounts Payable were $3,367,090 for AL #17.225 and $4,928,567 for AL #17.225COV.

Cause: The person responsible for preparing the GAAP Package Z-1 was unaware of the proper method that should be used to calculate Accounts Payable, and the GAAP Package Z-1 was not properly reviewed to ensure all payables were reported under a modified accrual basis of accounting.

Effect: The OESC GAAP Package Form *Z-1 – Schedule of Expenditures of Federal Awards* AL #17.225 was understated by $10,455,986 and AL #17.225COV was understated by $25,403,390. As a result of the Accounts Payable adjustments, the original modified accrual basis expenditures amount of $2,959,997,792 was revised to $2,995,857,168.

Recommendation: We recommend the OESC develop and implement controls to ensure all modified-accrual Unemployment Insurance benefit payments get properly reported on the GAAP Package Form Z-1.

Views of Responsible Official(s)
Contact Person: Michelle Britten, Chief Financial Officer and Chief of Operations
Anticipated Completion Date: Complete for fiscal 2022 reporting
Corrective Action Planned: The Oklahoma Employment Security Commission agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-011 (Repeat #2020-065)
STATE AGENCY: Oklahoma Employment Security Commission
FEDERAL AGENCY: U.S Department of Labor
ALN: 17.225
FEDERAL PROGRAM NAME: Unemployment Insurance
FEDERAL AWARD NUMBER: N/A – No grant award number exists
FEDERAL AWARD YEAR: 2020-2021
CONTROL CATEGORY: Special Tests and Provisions - Reemployment Services and Eligibility Assessments (RESEA)
QUESTIONED COSTS: $0

Criteria: Section 306 of the Social Security Act requires all states to operate either a Worker Profiling and Reemployment Services Program (WPRS) or a Reemployment Services and Eligibility Assessment Program (RESEA), or both. The State of Oklahoma only operates a RESEA program. The requirements include profiling of all claimants to determine who will likely exhaust their benefits and need reemployment services to transition to new employment. If operating only a RESEA program, the Commission must include the basic elements of the WPRS program which includes the required WPRS profiling model and statewide provision of services. With the onset of the COVID-19 pandemic, the U.S. Department of Labor (DOL) provided guidance under several Unemployment Insurance Program Letters (UIPL) for ongoing services to include virtual person-to-person technologies. They also communicated that the level and timeliness of remote service must be comparable to assistance the individual would receive if staff were assisting such individual in-person.

42 USC § 506(b) – *Grants to States for reemployment services and eligibility assessments* states in part, "The purposes of this section are to accomplish the following goals:
(1) To improve employment outcomes of individuals that receive unemployment compensation and to reduce the average duration of receipt of such compensation through employment.
(2) To strengthen program integrity and reduce improper payments of unemployment compensation by States through the detection and prevention of such payments to individuals who are not eligible for such compensation.
(3) To promote alignment with the broader vision of the Workforce Innovation and Opportunity Act (29 U.S.C. 3101 et seq.) of increased program integration and service delivery for job seekers, including claimants for unemployment compensation.
(4) To establish reemployment services and eligibility assessments as an entry point for individuals receiving unemployment compensation into other workforce system partner programs."

Unemployment Insurance Program Letter No. 8-20, Number 7. Program Operations, b. Required Engagement of UI Staff, states in part: "UI staff must be engaged in RESEA planning, administration, and oversight, as well as providing all appropriate staff training on UC eligibility requirements. UI staff must be available and involved in the RESEA functions, including reporting, although it may not require a full-time position. Program staff delivering RESEAs must be qualified and have sufficient training from UI staff to conduct a thorough eligibility review and detect eligibility issues requiring referral to the UI agency for adjudication. Further, states must have UI staff participation to ensure accurate data are provided in the RESEA - required reports. Each calendar quarter, prior to submission, the reports must be reviewed for accuracy by a UI staff member, in addition to being reviewed by the RESEA program lead (if a different staff member)."

The *Government Accountability Office (GAO) Standards for Internal Control in the Federal Government 9.04* states, in part, "As part of risk assessment or a similar process, management analyzes and responds to identified changes and related risks in order to maintain an effective internal control system. Changes in conditions affecting the entity and its environment often require changes to the entity's internal control system, as existing controls may not be effective for meeting objectives or addressing risks under changed conditions. Management analyzes the effect of identified changes on the internal control system and responds by revising the internal control system on a timely basis, when necessary, to maintain its effectiveness."

Condition and Context: The DOL requires the ETA 9128 report to provide quarterly information on the Reemployment Services and Eligibility Assessment (RESEA) activities of claimants who are most likely to exhaust their Unemployment Insurance (UI) benefits and are selected to participate in the RESEA program. RESEAs provide

in-person service in American Job Centers for claimants including the development of an individualized work search plan, provision of appropriate labor market information (LMI) and reemployment services as appropriate. The data on this report allows for evaluation and monitoring of the RESEA program.

OESC's vendor, America's Job Link Alliance, created a report in Tableau, a visual analytics platform, that provides data from Oklahoma Job Match system (OKJM) directly onto certain lines of the ETA 9128 report. OESC's mainframe generates a report of data that is used on other lines of the report. The summary level data from both reports is then input into the Department of Labor's Sun System to create the final ETA 9128 report, which is reviewed by two individuals prior to electronically submitting it to the Department of Labor. However, the RESEA personnel at OESC do not have a clear understanding of how the data (OKJM and OMES mainframe) is collected/summarized/generated for the report, and therefore, they have no clear procedures on how to review or verify the information that is reported.

Cause: OESC did not have adequate controls, including written procedures, during SFY 2021 to ensure the quarterly ETA 9128 performance report accurately and completely reported all activity for the RESEA program. Additionally, the parties responsible for entering the information and for preparing the ETA 9128 performance reports did not consistently communicate with one another when process changes occurred, which impacted the data reported on the ETA 9128 performance report.

Effect: OESC could inadvertently report incorrect data on the ETA 9128 performance report.

Recommendation: We recommend the Commission strengthen controls through detailed written procedures to ensure RESEA reporting requirements are followed for optimal accuracy of the ETA 9128 performance report. In addition, we recommend the program area gain an understanding of how the data is accumulated and aggregated for the two reporting systems. Lastly, we recommend detailed reports be generated from the two systems to help verify the accuracy and completeness of the ETA 9128 performance reports prior to submission.

Views of Responsible Official(s)
Contact Person: Sharon Smith, RESEA Program Manager
Anticipated Completion Date: Completed August 20, 2021
Corrective Action Planned: The Oklahoma Employment Security Commission agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-012
STATE AGENCY: Oklahoma Employment Security Commission
FEDERAL AGENCY: U.S. Department of Labor
ALN: 17.225
FEDERAL PROGRAM NAME: Unemployment Insurance
FEDERAL AWARD NUMBER: N/A – No grant award number exists
FEDERAL AWARD YEAR: 2020-2021
CONTROL CATEGORY: Special Tests and Provisions – Match with IRS 940 FUTA Tax Form
QUESTIONED COSTS: $0

Criteria: *Publication 4485 IRS* Guide for the Certification of State FUTA Credits, Effective October 2020 for Tax Year 2019 FUTA Program:
Calendar timeframes to remember
September '20: IRS Enterprise Computing Center-MTB (Martinsburg) performs the annual FUTA Identification Data extract.
October '20: Enterprise Computing Center-MTB transmits the FUTA Identification Data File to the states.
January '21: States transmit FUTA Certification Data via Secure Data Transfer (SDT) to the IRS.
February '21: Enterprise Computing Center-MTB validates and processes State FUTA Certification data. FUTA HQ staff notifies the state of invalid data and requests replacement files.
April '21: States must have their correct certification data to IRS in order to participate in the annual FUTA Certification program processing.
May '21: IRS transmits the discrepancy data to ECC-MEM (Memphis) for campus processing.

NOTE: It is imperative the schedule be followed because of the statute expiration date to assess additional tax. The due date of Form 940 is the last day of the month following the end of the calendar year (January 31). The statute of limitations is three years after the due date or three years after the return was actually filed, whichever is later.

Review Procedures
After the FUTA Certification Data has been prepared and before transmission, the state should review the quality of the data. This review will minimize the number of re-transmission requests from the HQ staff.

Follow these review procedures:
1. Print two copies of the first 50 Zero Certification records (records where the total state wages are zero) and of the first 50 Non-Zero Certification records (records where the total state wages are other than zero). Use one copy to verify the format and components of the records against the specifications in this Publication.
2. With the second copy, using the EIN, request manual certification of these records from your appropriate state function. Compare the manual certifications with the print of the computer certifications to verify the data is the same. Remember the state reporting number provided is an additional research tool to help find the certification data for the EIN.

26 CFR § 31.3302(a)-3 Proof of credit under section 3302(a) states.
"Credit against the tax for any calendar year for contributions paid into State unemployment funds shall not be allowed unless there is submitted to the district director:

(a) A certificate of the proper officer of each State (the laws of which required the contributions to be paid) showing, for the taxpayer:

(1) The total amount of contributions required to be paid under the State law with respect to such calendar year (exclusive of penalties and interest) which was actually paid on or before the date the Federal return is required to be filed; and

(2) The amounts and dates of such required payments (exclusive of penalties and interest) actually paid after the date the Federal return is required to be filed."

The *Government Accountability Office (GAO) Standards for Internal Control in the Federal Government 9.04* states, in part, "As part of risk assessment or a similar process, management analyzes and responds to identified changes and related risks in order to maintain an effective internal control system. Changes in conditions affecting the entity and its environment often require changes to the entity's internal control system, as existing controls may not be effective for meeting objectives or addressing risks under changed conditions. Management analyzes the effect of identified changes on the internal control system and responds by revising the internal control system on a timely basis, when necessary, to maintain its effectiveness."

Condition and Context: During our testing of the annual certification of employer contributions per IRS 940 FUTA Tax Form for calendar year 2019, we noted OESC was to match 50 Zero Certification and 50 Non-Zero Certification records. Based on the IRS 940 FUTA Tax match performed, we noted the following:

- Six of the 50 (12%) Zero-Certifications from IRS tape did not match records written by OESC database. The OESC database recorded $54,350.72 for the 6 employers that should have had zero income per the certifications.
- One of the 50 (2%) Non-Zero Certifications from IRS tape did not match the employer payments per OESC database before 2/1/20, and after 2/10/20; however, in total the Non-Zero Certification amount of $17.20 agreed.

Lastly, the IRS 940 FUTA File was to be submitted by January 31, 2021; however, it was not submitted until May 25, 2021.

Cause: OESC inadvertently ran the file against the mainframe a second time prior to submitting the IRS FUTA file in May 2021, which unknowingly picked up 2021 data. The internal procedures for compliance with IRS Publication 4485 are not clearly documented for producing and reviewing records prior to submission to the IRS. Also, OESC did

not have a succession plan in place when the employee who was credentialed with the IRS left; therefore, contributing to the report being submitted late.

Effect: By OESC not performing the annual FUTA match per IRS Publication 4485, taxpayers may not be allowed the FUTA tax credit per *26 CFR § 31.3302(a)-3.*

Recommendation: We recommend OESC develop detailed procedures for the FUTA process for both Information Technology and Tax Compliance, along with a succession plan for all employees involved. Also, we recommend having two individuals cross-trained and credentialed with the IRS to avoid further delays in submission when staff leaves. Lastly, we recommend after the FUTA file is ran, to perform a final review of the data to ensure the correct information was included in the file prior to submission to the IRS.

Views of Responsible Official(s)
Contact Person: DeAnna Smith, Director Tax Division
Anticipated Completion Date: October 2022
Corrective Action Planned: The Oklahoma Employment Security Commission agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-022
STATE AGENCY: Oklahoma Employment Security Commission
FEDERAL AGENCY: U.S. Department of Labor
ALN: 17.225
FEDERAL PROGRAM NAME: Unemployment Insurance
FEDERAL AWARD NUMBER: N/A – No grant award number exists
FEDERAL AWARD YEAR: 2020-2021
CONTROL CATEGORY: Special Tests and Provisions - Reemployment Services and Eligibility Assessments (RESEA)
QUESTIONED COSTS: $0

Criteria: 42 USC § 506(b) – *Grants to States for reemployment services and eligibility assessments* states in part, "The purposes of this section are to accomplish the following goals:
(1) To improve employment outcomes of individuals that receive unemployment compensation and to reduce the average duration of receipt of such compensation through employment.
(2) To strengthen program integrity and reduce improper payments of unemployment compensation by States through the detection and prevention of such payments to individuals who are not eligible for such compensation.
(3) To promote alignment with the broader vision of the Workforce Innovation and Opportunity Act (29 U.S.C. 3101 et seq.) of increased program integration and service delivery for job seekers, including claimants for unemployment compensation.
(4) To establish reemployment services and eligibility assessments as an entry point for individuals receiving unemployment compensation into other workforce system partner programs."

Unemployment Insurance Program Letter No. 8-20, Number 7. Program Operations, b. Required Engagement of UI Staff, states in part: "UI staff must be engaged in RESEA planning, administration, and oversight, as well as providing all appropriate staff training on UC eligibility requirements. UI staff must be available and involved in the RESEA functions, including reporting, although it may not require a full-time position. Program staff delivering RESEAs must be qualified and have sufficient training from UI staff to conduct a thorough eligibility review and detect eligibility issues requiring referral to the UI agency for adjudication."

The *Government Accountability Office (GAO) Standards for Internal Control in the Federal Government 9.04* states, in part, "As part of risk assessment or a similar process, management analyzes and responds to identified changes and related risks in order to maintain an effective internal control system. Changes in conditions affecting the entity and its environment often require changes to the entity's internal control system, as existing controls may not be effective for meeting objectives or addressing risks under changed conditions. Management analyzes the effect of identified changes on the internal control system and responds by revising the internal control system on a timely basis, when necessary, to maintain its effectiveness."

The *Government Accountability Office (GAO) Standards for Internal Control in the Federal Government 14.03* states, "Management communicates quality information down and across reporting lines to enable personnel to perform key roles in achieving objectives, addressing risks, and supporting the internal control system. In these communications, management assigns the internal control responsibilities for key roles."

OESC Interagency Memorandum No: 20-03, July 17, 2020: "All RESEA Activities will be conducted by telephone until further notice.

- OKJM Registration
- Development of Individual Reemployment Plan (IRP)
- Provision of Labor Market Information (LMI)
- Resume Assistance/Review"

December 11, 2020, Communication -"Effective Monday, December 14, 2020. Memo 20-03 has been rescinded and the RESEA procedures developed in 2017 are back in place."

The 2017 RESEA Procedure Manual, Summary of Documentation, requires the following:

1. Reemployment Services and Eligibility Assessment – RESEA (the placeholder service that stands for the entire RESEA session)
2. Reemployment Needs Inventory & Eligibility Review (Note: If the participant answered no to any of the Eligibility Review questions ensure the procedures were followed and they were reported for adjudication.) (Form OES 802-Must be uploaded to Oklahoma Job Match-OKJM)
3. WOTC Pre-Screening
4. Job Search Planning
5. Information on Available Services
6. Individual Reemployment Plan
7. Career Guidance
8. Customized Labor Market Information, and
9. RESEA – Follow-up (Forms OES 251, which is documenting the follow-up appointment, and OES 173, which contains the Eligibility questions to be asked at the appointment-Both must be uploaded to OKJM)

Condition and Context: Based on the testing of 60 RESEA participants, we noted the following exceptions from the RESEA Services per Interagency Memorandum No: 20-03 that were required for all of SFY 2021:

- For 28 of the 60 (47%), records of required RESEA activities in Oklahoma Job Match (OKJM) were not completed.
- For 28 of the 60 (47%), form OES 842E was not available for the date of their appointment in Docushare or OKJM; of those, two of 60 (3%) should have been sent to adjudication had they been completed.
- 10 of 60 (17%) were coded incorrectly in OKJM, which impacts the numbers reported on the quarterly ETA 9128 performance report and the forms to be completed. Additionally, one of the 10 participants was waived incorrectly from having to meet the program requirements based on living out of state.

The RESEA Services were limited at the beginning of SFY 2021 due to the pandemic; however, all RESEA services per RESEA Procedures Manual noted above, were reinstated on December 14, 2020. Of the 60 sampled RESEA participants, 33 had RESEA services scheduled after the December 14, 2020; we noted the following documentation exceptions for the reinstated services:

- For six of 33 (18%) no follow-up appointment occurred as required, which may have resulted in extended benefits when reviewing the original appointment date and the benefits last week paid date.
- For 14 of 33 (42%) no form OES 173 was available in OKJM.
- For 12 of 33 (36%) no form OES 251 was available in OKJM.
- For three of 33 (25%) no form OES 802 was available in OKJM.

Cause: OESC did not have adequate controls, including an updated procedures manual with clearly defined instructions, along with an untimely and/or ineffective communication of procedure changes, which resulted in

RESEA activities not being performed correctly. Also, the massive increase in the RESEA unemployment participants, a result of the pandemic, greatly increased the risk of errors.

Effect: RESEA participants may have received benefits for a longer period than allowed. In addition, because required RESEA activities were not performed correctly, the ETA 9128 performance report will be inaccurate.

Recommendation: We recommend the Commission work to strengthen controls to include clear and concise RESEA procedures, and to ensure all applicable procedure changes are communicated timely and effectively to employees who are involved in the process. Additionally, when the OESC Quality Control group performs their audits and provides Exit Notes, we recommend a follow-up on all quality control findings be performed to ensure corrective action was taken.

Views of Responsible Official(s)
Contact Person: Sharon Smith, RESEA Program Manager
Anticipated Completion Date: November 15, 2022
Corrective Action Planned: The Oklahoma Employment Security Commission agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-042
STATE AGENCY: Oklahoma Employment Security Commission
FEDERAL AGENCY: Federal Emergency Management Agency
ALN: 97.050
FEDERAL PROGRAM NAME: Presidential Declared Disaster Assistance to Individual and Household – Other Needs
FEDERAL AWARD NUMBER: 4530DROKSPLW
FEDERAL AWARD YEAR: 2020-2021
CONTROL CATEGORY: Reporting
QUESTIONED COSTS: $0

Criteria: According to Federal Emergency Management Agency (FEMA), Supplemental Payments Lost Wages Guidelines, Weekly Reporting Requirement: "States and territories that received a grant award for supplemental lost wages payments were required to provide FEMA a Lost Wages Benefits Payment Weekly Report that included the total, weekly dollar amount of actual lost wages benefit payments made to eligible claimants, by program, the number of appeals for the underlying benefits received by claimants, and any pending claims. The state/territory used the Lost Wages Weekly Report Template for the weekly submission.

- The template asked states/territories to provide the cumulative number of open appeals, and the number of new appeals for the one-week reporting period.
- The template asked states/territories to provide the cumulative number of open appeals, and the number of new appeals for the one-week reporting period.
- The template also asked states/territories to provide the cumulative number of pending LWA claims. Claims must have been filed or in process prior to the end of the period of assistance (December 27, 2020).
- The number of open and new appeals, as well as pending claims should have been reported as the total number of weeks represented by the appeals and claims and must be related to LWA and only for the weeks ending August 1, 2020 to September 5, 2020. As an example, if a pending claim for an individual would cover all six (6) weeks of funding, that should be counted as 6 claims.

The Lost Wages Weekly Report should have been provided to FEMA and are required until all claims were paid."

Unemployment Insurance Program Letter No. 27-20, Change 1, Attachment 1, No. 28 says that States are required to submit various financial and programmatic reports as required by 2 C.F.R. Part 200 and 44 C.F.R. 206.120(f)(2). Programmatic performance reports must include:

(1) the number and dollar amount of applications approved weekly;
(2) the number of individuals eligible to receive assistance under this award, broken down by the programs identified in Section 4(d)(i) of the August 8, 2020 Presidential Memorandum;
(3) the amount of assistance disbursed weekly; and

(4) the number of appeals received. In addition, states must comply with federal financial reporting requirements and closeout reporting requirements within 90 days after the end of the period of performance.

The grant award letter and State Administrative Plan outlines specific financial and programmatic reporting requirements.

State Administrative Plan, B., Grants Management Oversight, 2. Reporting Requirements:

ii. The Oklahoma Employment Security Commission shall provide financial state reports, as required by 2 C.F.R. § Part 200.327 and in accordance with guidance issued specific to Other Needs Assistance (ONA) supplemental payments for lost wages.
iv. The Oklahoma Employment Security Commission shall provide bi-weekly Program Status Reports in compliance with 44 C.F.R. § 206.120(f)(2)(iii) and 2.C.F.R. § 200.328 and in accordance with guidance issued specific to ONA supplemental payments for lost wages that include the number and dollar amount of applications approved, the amount of assistance disbursed, and the number of appeals received.

Condition and Context: During our testing of the Weekly Reporting Requirements for Presidential Declared Disaster Assistance to Individual and Household – Other Needs (known as Lost Wage Assistance program), we noted the Commission only submitted 2 of the required 45 (4.4%) weekly reports for SFY 2021. In addition, the reports were not complete as they did not always contain the number of new appeals, cumulative number of open appeals, or number of pending claims as required per the instructions. However, for the 2 reports submitted (12/4/20 and 12/30/20), the cumulative expenditures of $228,890,400 and $236,292,300 respectively; appear to be correct. Even though the Commission only submitted two weekly reports, the cumulative report as of 12/30/20 represented approximately 98% of the Lost Wage Assistance cash basis expenditures for SFY 2021.

Cause: OESC did not have controls/resources in place to meet the reporting requirements set forth by FEMA.

Effect: The Weekly Reporting Requirements set forth by FEMA were not met. As a result, FEMA was not able to track the Lost Wage Assistance program on a weekly basis.

Recommendation: We recommend the Commission continue to strengthen controls to ensure reports are submitted in accordance with federal regulations.

Views of Responsible Official(s)
Contact Person: Michelle Britten, Chief Financial Officer and Chief of Operations
Anticipated Completion Date: To be determined if any similar grant is awarded to OESC in the future
Corrective Action Planned: The Oklahoma Employment Security Commission agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-071
STATE AGENCY: Oklahoma Employment Security Commission
FEDERAL AGENCY: Federal Emergency Management Agency (FEMA)
ALN: 97.050
FEDERAL PROGRAM NAME: Presidential Declared Disaster Assistance To Individuals and Household – Other Needs
FEDERAL AWARD NUMBER: 4530DROKSPLW
FEDERAL AWARD YEAR: 2020-2021
CONTROL CATEGORY: Activities Allowed or Unallowed and Allowable Costs/Cost Principles; Eligibility; and Period of Performance
QUESTIONED COSTS: $19,581

Criteria: Federal Emergency Management Agency (FEMA) Lost Wages Supplement Payment Assistance Guidelines, Eligibility section states: "Participating states, territories and the District of Columbia provided supplemental lost wages payments from the week of unemployment ending August 1, 2020, to individuals ("claimants") eligible for at least $100 per week in unemployment insurance compensation from any of the following:

- Unemployment compensation, including regular State Unemployment Compensation, Unemployment Compensation for Federal Employees (UCFE) and Unemployment Compensation for Ex-Service members (UCX)
- Pandemic Emergency Unemployment Compensation (PEUC)
- Pandemic Unemployment Assistance (PUA)
- Extended Benefits (EB)
- Short-Time Compensation (STC)
- Trade Readjustment Allowance (TRA)
- Payments under the Self-Employment Assistance (SEA) program

Claimants were required to self-certify that they were unemployed or partially unemployed due to disruptions caused by the COVID-19 pandemic as part of the initial unemployment insurance claims process and or required weekly recertifications."

Federal Emergency Management Agency (FEMA) Lost Wages Supplement Payment Assistance Guidelines, Overpayment Adjustments and Return of Funds to FEMA, states, in part: "FEMA recognizes that states', territories', or the District of Columbia's efforts to investigate and pursue the recovery of fraudulent and improper payments may extend beyond the end of the Period of Performance, the closeout and liquidation periods, or after the grant has closed. However, states, territories, and the District of Columbia are responsible for returning any federal funds that they have liquidated but remain unobligated by the recipient and for reimbursing FEMA for improper payments regardless of when they are identified, even if the Period of Performance has expired or the grant has closed."

UIPL 27-20, Attachment 1, #3 and FEMA Supplemental Lost Wages Payments Under Other Needs Assistance states: "An individual does not need to certify each week that he or she is "unemployed or partially unemployed due to disruptions caused by COVID-19. The individual instead must certify once per claim:

- If the individual qualifies for Pandemic Unemployment Assistance (PUA), he or she is presumed to have met the self-certification requirements.
- For individuals with new or reopened/additional unemployment claims, the self-certification can generally be done at the time of the claim filing. States with existing questions as part of their initial application that ask claimants if their separation is due to COVID-19 will meet this requirement.
- For individuals with an existing unemployment claim, the state will need to provide a one-time special certification as of the LWA program start date."

The *Government Accountability Office (GAO) Standards for Internal Control in the Federal Government 9.04* states, in part, "As part of risk assessment or a similar process, management analyzes and responds to identified changes and related risks in order to maintain an effective internal control system. Changes in conditions affecting the entity and its environment often require changes to the entity's internal control system, as existing controls may not be effective for meeting objectives or addressing risks under changed conditions. Management analyzes the effect of identified changes on the internal control system and responds by revising the internal control system on a timely basis, when necessary, to maintain its effectiveness."

The *Government Accountability Office (GAO) Standards for Internal Control in the Federal Government 10.03* states, in part, "Management designs appropriate types of control activities for the entity's internal control system. Control activities help management fulfill responsibilities and address identified risk responses in the internal control system. … A variety of control activities are used in information processing. Examples include edit checks of data entered; accounting for transactions in numerical sequences; comparing file totals with control accounts; and controlling access to data, files, and programs."

The *Government Accountability Office (GAO) Standards for Internal Control in the Federal Government 10.06* states, "Control activities can be implemented in either an automated or a manual manner. Automated control activities are either wholly or partially automated through the entity's information technology. … Automated control activities tend to be more reliable because they are less susceptible to human error and are typically more efficient. If the entity relies on information technology in its operations, management designs control activities so that the information technology continues to operate properly."

The *Government Accountability Office (GAO) Standards for Internal Control in the Federal Government 11.13* states, in part, "Management evaluates security threats to information technology, which can be from both internal and external sources. External threats are particularly important for entities that depend on telecommunications networks and the Internet. External threats have become prevalent in today's highly interconnected business environments, and continual effort is required to address these risks."

Condition and Context: Based on the testing of 60 claimants who received Lost Wage Assistance (LWA) payments, we noted the following exceptions:

A. For 10 of the 60 (17%), LWA payments totaling $15,315 were paid incorrectly because either 1) the eligibility certification signed by claimant had them answering "No" they were not unemployed due to COVID-19; or 2) the claimant did not complete a one-time special LWA eligibility certification when they had not been asked if they were unemployed due to COVID-19. As a result, we identified unallowable/questioned costs totaling $15,315.
B. For three of the 60 (5%), LWA payments totaling $3,966 were made prior to the eligibility certification being signed. As a result, all $3,966 will be considered questioned costs.
C. For seven of the 60 (12%), LWA payments $7,977 had an 8888 stop-code placed on the claims. An 8888 stop-code prevents future payments to the claimant until the current claim is investigated and a determination is made as to whether the payment was allowable or there was an overpayment/unallowable cost. Currently, only one claimant payment totaling $300 has been determined to be fraudulent; the remaining $7,677 in LWA payments are still being investigated. As a result, will question only the $300 payment.

Cause: The programming code per the antiquated mainframe system was not set up correctly to ensure the certification questions were being answered correctly when determining claimant eligibility. In addition, the programming code was not set up correctly to ensure the claimant certification date was prior to the LWA payment date per the mainframe.

Effect: LWA benefit payments were disbursed to ineligible claimants.

Recommendation: We recommend the Commission work to strengthen system controls by performing tests on the programming code prior to payment for a new grant, to ensure only eligible claimants receive benefit payments. In addition, the Commission should reimburse FEMA for any identified LWA overpayments.

Views of Responsible Official(s)
Contact Person: Michelle Britten, Chief Financial Officer and Chief of Operations
Anticipated Completion Date: To be determined if any similar grant is awarded to OESC in the future
Corrective Action Planned: The Oklahoma Employment Security Commission agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-093
STATE AGENCY: Oklahoma Employment Security Commission
FEDERAL AGENCY: Federal Emergency Management Agency
ALN: 97.050
FEDERAL PROGRAM NAME: Presidential Declared Disaster Assistance to Individual and Household – Other Needs
FEDERAL AWARD NUMBER: 4530DROKSPLW
FEDERAL AWARD YEAR: 2020-2021
CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility
QUESTIONED COSTS: $98,466

Criteria: *Federal Emergency Management Agency (FEMA), Lost Wages Supplemental Payment Assistance Guidelines,* Overpayment Adjustments and Return of Funds to FEMA states: **"**States, territories, and the District of Columbia are responsible for recovering assistance awards obtained fraudulently, expended for unauthorized items or services, expended for items for which assistance is received from other means, and awards made in error. (*See* 44 C.F.R. § 206.120.(f)(5).)

"Any provision of state, territory, or District of Columbia law authorizing waiver of recovery of improper payments, including those discharged in bankruptcy, does not overcome the state's, territory's, or District of Columbia's responsibility to return the total sum of improperly expended funds to FEMA. Granting waivers pursuant to the criteria established under Section 262 of the Continued Assistance for Unemployed Workers Act of 2020 provides the only path for waiver of debt owed to FEMA by a state, territory, or the District of Columbia *(FEMA has a statutory duty to pursue collection of debts. See 31 U.S.C. § 3711(a)(1); Lawrence v. Commodity Futures Trading Comm'n, 759 F.2d 767, 772 (9th Cir. 1985); 31 C.F.R. § 901.1(a); The Debt Collection Improvement Act of 1996, Pub. L. No. 104-34; 31 U.S.C. § 3711(a); EXEC. ORDER 13520, Reducing Improper Payments (Nov. 23, 2009).* (*See next section,* Overpayment Waiver Authority.)

"FEMA recognizes that states', territories', or the District of Columbia's efforts to investigate and pursue the recovery of fraudulent and improper payments may extend beyond the end of the Period of Performance, the closeout and liquidation periods, or after the grant has closed. However, states, territories, and the District of Columbia are responsible for returning any federal funds that they have liquidated but remain unobligated by the recipient and for reimbursing FEMA for improper payments regardless of when they are identified, even if the Period of Performance has expired or the grant has closed.

- For LWA grants that have not been closed (FEMA has not yet sent the closed notice), funds should be returned to the state's, territory's, or District of Columbia's Department of the Treasury respective ASAP account for benefit or administrative funding.
- Overpayments identified after the grant has been closed and not waived pursuant to Section 262 of the Continued Assistance for Unemployed Workers Act of 2020 should be returned to FEMA using one of the methods described at FEMA's Payments page.

"States, territories, and the District of Columbia must reimburse FEMA for the federal share of awards not recovered through quarterly financial adjustments within the 90-day closeout and liquidation periods of the grant award.

"For reimbursements not received by FEMA within the 90-day closeout and liquidation periods, FEMA will initiate the debt collection process. Unpaid amounts due may result in administrative fees and interest and penalty charges in accordance with the Debt Collection Improvement Act. Debt collection procedures will be followed as outlined in 44 C.F.R. Part 11 and 31 C.F.R. Chapter IX, Federal Claims Collection Standards (Department of the Treasury – Department of Justice)."

The *Government Accountability Office (GAO) Standards for Internal Control in the Federal Government 9.04* states, in part, "As part of risk assessment or a similar process, management analyzes and responds to identified changes and related risks in order to maintain an effective internal control system. Changes in conditions affecting the entity and its environment often require changes to the entity's internal control system, as existing controls may not be effective for meeting objectives or addressing risks under changed conditions. Management analyzes the effect of 53Schedule of Findings And Questioned Costs identified changes on the internal control system and responds by revising the internal control system on a timely basis, when necessary, to maintain its effectiveness."

The *Government Accountability Office (GAO) Standards for Internal Control in the Federal Government 10.03* states, in part, "Management designs appropriate types of control activities for the entity's internal control system. Control activities help management fulfill responsibilities and address identified risk responses in the internal control system. … Management establishes physical control to secure and safeguard vulnerable assets. Examples include security for and limited access to assets such as cash, securities, inventories, and equipment that might be vulnerable to risk of loss or unauthorized use. Management periodically counts and compares such assets to control records."

The *Government Accountability Office (GAO) Standards for Internal Control in the Federal Government 10.06* states, "Control activities can be implemented in either an automated or a manual manner. Automated control activities are either wholly or partially automated through the entity's information technology. … Automated control activities tend to be more reliable because they are less susceptible to human error and are typically more efficient. If the entity relies on information technology in its operations, management designs control activities so that the information technology continues to operate properly."

The *Government Accountability Office (GAO) Standards for Internal Control in the Federal Government 11.13* states, in part, "Management evaluates security threats to information technology, which can be from both internal and external sources. External threats are particularly important for entities that depend on telecommunications networks and the Internet. External threats have become prevalent in today's highly interconnected business environments, and continual effort is required to address these risks."

Condition and Context: In performing our risk-based analytics, we identified any physical addresses used by more than two recipients, and then selected the addresses that had the largest claim counts to determine if they were fictitious or fraudulent claims. Based on the two addresses selected, we noted 59 claimants that received 329 Lost Wage Assistance (LWA) payments totaling $98,466 that appear to be fictitious/fraudulent. A fictitious claimant to OESC is a person that has stolen the identity or Social Security Number of an employee with valid Oklahoma wages. These payments have since had a stop code (8888) placed on them and have either been identified as a fictitious overpayment or are pending overpayment investigation. Additionally, to date, the fraudulent overpayments identified have not been returned to FEMA.

Cause: In the urgent interest of paying legitimate claims, OESC lifted the criteria that would have placed stop codes (8888's) on potentially fictitious or fraudulent claims, and would have also required verification prior to payment.

Effect: OESC could face penalty charges if the payments identified as fictitious or fraudulent are not returned to FEMA.

Recommendation: We recommend the Commission continue to work to strengthen controls to help better identify and prevent fictitious/fraudulent claims. In addition, the Commission should reimburse FEMA for any identified LWA overpayments.

Views of Responsible Official(s)
Contact Person: Michelle Britten, Chief Financial Officer and Chief of Operations
Anticipated Completion Date: To be determined if any similar grant is awarded to OESC in the future
Corrective Action Planned: The Oklahoma Employment Security Commission agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-095
STATE AGENCY: Oklahoma Employment Security Commission
FEDERAL AGENCY: Federal Emergency Management Agency
ALN: 97.050
FEDERAL PROGRAM NAME: Presidential Declared Disaster Assistance to Individual and Household – Other Needs
FEDERAL AWARD NUMBER: 4530DROKSPLW
FEDERAL AWARD YEAR: 2020-2021
CONTROL CATEGORY: Activities Allowed or Unallowed and Allowable Costs/Cost Principles
QUESTIONED COSTS: $16,560

Criteria: *Federal Emergency Management Agency (FEMA), Lost Wages Supplemental Payment Assistance Guidelines, Overpayment Adjustments and Return of Funds to FEMA* states in part:

"States, territories, and the District of Columbia are responsible for recovering assistance awards obtained fraudulently, expended for unauthorized items or services, expended for items for which assistance is received from other means, and awards made in error. (*See* 44 C.F.R. § 206.120.(f)(5).)
…

Any provision of state, territory, or District of Columbia law authorizing waiver of recovery of improper payments, including those discharged in bankruptcy, does not overcome the state's, territory's, or District of Columbia's responsibility to return the total sum of improperly expended funds to FEMA. Granting waivers pursuant to the criteria established under Section 262 of the Continued Assistance for Unemployed Workers Act of 2020 provides the only path for waiver of debt owed to FEMA by a state, territory, or the District of Columbia *(FEMA has a statutory duty*

to pursue collection of debts. See 31 U.S.C. § 3711(a)(1); Lawrence v. Commodity Futures Trading Comm'n, 759 F.2d 767, 772 (9th Cir. 1985); 31 C.F.R. § 901.1(a); The Debt Collection Improvement Act of 1996, Pub. L. No. 104-34; 31 U.S.C. § 3711(a); EXEC. ORDER 13520, Reducing Improper Payments (Nov. 23, 2009). (*See next section,* Overpayment Waiver Authority.)

FEMA recognizes that states', territories', or the District of Columbia's efforts to investigate and pursue the recovery of fraudulent and improper payments may extend beyond the end of the Period of Performance, the closeout and liquidation periods, or after the grant has closed. However, states, territories, and the District of Columbia are responsible for returning any federal funds that they have liquidated but remain unobligated by the recipient and for reimbursing FEMA for improper payments regardless of when they are identified, even if the Period of Performance has expired or the grant has closed.

- For LWA grants that have not been closed (FEMA has not yet sent the closed notice), funds should be returned to the state's, territory's, or District of Columbia's Department of the Treasury respective ASAP account for benefit or administrative funding.
- Overpayments identified after the grant has been closed and not waived pursuant to Section 262 of the Continued Assistance for Unemployed Workers Act of 2020 should be returned to FEMA using one of the methods described at FEMA's Payments page.

States, territories, and the District of Columbia must reimburse FEMA for the federal share of awards not recovered through quarterly financial adjustments within the 90-day closeout and liquidation periods of the grant award.
For reimbursements not received by FEMA within the 90-day closeout and liquidation periods, FEMA will initiate the debt collection process. Unpaid amounts due may result in administrative fees and interest and penalty charges in accordance with the Debt Collection Improvement Act. Debt collection procedures will be followed as outlined in 44 C.F.R. Part 11 and 31 C.F.R. Chapter IX, Federal Claims Collection Standards (Department of the Treasury – Department of Justice)."

The *Government Accountability Office (GAO) Standards for Internal Control in the Federal Government 11.05* states: "Management also evaluates information processing objectives to meet the defined information requirements. Information processing objectives may include the following:

- Completeness - Transactions that occur are recorded and not understated.
- Accuracy - Transactions are recorded at the correct amount in the right account (and on a timely basis) at each stage of processing.
- Validity - Recorded transactions represent economic events that actually occurred and were executed according to prescribed procedures."

The *Government Accountability Office (GAO) Standards for Internal Control in the Federal Government 11.08* states: "Application controls, sometimes referred to as business process controls, are those controls that are incorporated directly into computer applications to achieve validity, completeness, accuracy, and confidentiality of transactions and data during application processing. Application controls include controls over input, processing, output, master file, interface, and data management system controls."

Condition and Context: Based on our analytical risk-based testing of Lost Wage Assistance (LWA) payments to claimants receiving more than two payments on the same check weekend date or service date, we noted there were 61 duplicate payments totaling $16,560 in LWA overpayments.

Cause: According to the Commission, there was an unknown glitch within the mainframe that created the duplicate payments.

Effect: The Commission had overpayments to LWA claimants totaling $16,560. In addition, since these were not allowable LWA payments, the monies should be returned to FEMA.

Recommendation: We recommend the Commission research what caused the mainframe system error to ensure duplicate payments are not paid on other unemployment benefit types.

Views of Responsible Official(s)

Contact Person: Michelle Britten, Chief Financial Officer and Chief of Operations
Anticipated Completion Date: To be determined if any similar grant is awarded to OESC in the future
Corrective Action Planned: The Oklahoma Employment Security Commission agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-114
STATE AGENCY: Oklahoma Employment Security Commission
FEDERAL AGENCY: U.S. Department of Labor
ALN: 17.225
FEDERAL PROGRAM NAME: Unemployment Insurance
FEDERAL AWARD NUMBER: N/A – No grant award exists
FEDERAL AWARD YEAR: 2020 and 2021
CONTROL CATEGORY: Reporting
QUESTIONED COSTS: $0

Criteria: According to the UI Report Handbook No. 401 General Reporting Instructions - Appeals Case Aging measures require states to report data on the universe of all single claimant appeals cases that have not been decided prior to the end of the reporting period.

The Item by Item Instructions for ETA 9055 states in part:

4. *Pending Lower Authority Single Claimant Appeals Case Aging*.
    a. Includes all lower authority single claimant appeals cases, including those remanded by the higher authority for a hearing and decision and reopened appeals cases not decided at the end of the month.
    b. Excludes episodic claims programs such as Extended Benefits, Disaster Unemployment Assistance, and Trade Readjustment Allowances. Also excludes pending multi-claimant appeals cases (See F.3.d. below for further instructions about pending multi-claimant appeals cases).

5. *Pending Higher Authority Single Claimant Appeals Case Aging*.
    a. Includes all higher authority single claimant appeals cases, including remanded and reopened appeals cases, not decided at the end of the month. An appeals case that has been remanded to the lower authority for additional evidence and will be returned to the higher authority for a decision is reported in this inventory. An appeals case that has been remanded to the lower authority for a new hearing and decision is not a pending higher authority appeals case and should not be counted as such.
    b. Excludes episodic claims programs such as Extended Benefits, Disaster Unemployment Assistance, and Trade Readjustment Allowances. Also excludes pending multi-claimant appeals cases.

A component objective of an effective internal control system is to ensure accurate and reliable information through a proper review and approval process.

Condition and Context: The DOL requires the ETA 9055 Appeals Case Aging reports be submitted monthly. The ETA 9055 report gathers monthly information on the inventory of lower authority and higher authority single claimant appeals cases that have been filed but not decided. Appeals case aging provides information about the number of days from the date an appeal was filed through the end of the month covered by the report. Also included are the average and median ages of the pending single claimant appeals cases.

OESC's mainframe generates a summary level report of data that is then input into the Department of Labor's Sun System to create the final ETA 9055 report. However, OESC personnel were unable to provide us the detail behind the monthly reports; therefore, we were unable to verify the accuracy of the information on the reports.

Cause: The data used in preparation of the report is time sensitive and cannot be reproduced. As a result, OESC did not have adequate controls in place by not reviewing the individual transaction detail for the reports monthly. Lastly, personnel at OESC did not have a clear understanding of how the data from the mainframe is being collected and accumulated for the report.

Effect: Since the data was time sensitive and could not be reproduced, we were unable to determine whether the single claimant appeals data was accurately reported on the ETA 9055 reports.

Recommendation: We recommend the Commission strengthen controls through detailed written procedures to ensure the program staff have a clear understanding of how the data is accumulated and reported. Also, we recommend detailed reports be generated and maintained to help verify the accuracy and completeness of the ETA 9055 reports prior to submission. Lastly, we recommend the Commission strengthen the review process to ensure reports are prepared in accordance with federal guidelines.

Views of Responsible Official(s)
Contact Person: Michelle Britten, Chief Financial Officer
Anticipated Completion Date: December 31, 2022
Corrective Action Planned: The Oklahoma Employment Security Commission agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

OKLAHOMA DEPARTMENT OF HEALTH

FINDING NO: 2021-030
STATE AGENCY: Oklahoma State Department of Health (OSDH)
FEDERAL AGENCY: United States Department of Agriculture (USDA)
ALN: 10.557
FEDERAL PROGRAM NAME: Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
FEDERAL AWARD NUMBER: 216OK505W1003
FEDERAL AWARD YEAR: 2021
CONTROL CATEGORY: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Reporting (SEFA)
QUESTIONED COSTS: $1,668

Criteria: 7 CFR § 246.3 *Administration. Delegation to the State agency states in part, "*The State agency is responsible for the effective and efficient administration of the Program in accordance with the requirements of this part; the Department's regulations governing nondiscrimination (7 CFR parts 15, 15a, and 15b); governing administration of grants (2 CFR part 200, subparts A through F…"

2 CFR §200.62 states, "Internal control over compliance requirements for Federal awards means a process implemented by a non-Federal entity designed to provide reasonable assurance regarding the achievement of the following objectives for Federal awards: (a) Transactions are properly recorded and accounted for, in order to: . . . (3) Demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award and (b) Transactions are executed in compliance with: (1) Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program. . . ."

2 CFR §200.403 (a) *Factors affecting allowability of costs* states, "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."

2 CFR §200.405 (d) *Allocable costs* states, "Direct cost allocation principles. If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then, …, the costs may be allocated or transferred to benefitted projects on any reasonable documented basis."

2 CFR §200.431 (c) *Compensation – fringe benefits* states, "Such benefits, must be allocated to Federal awards and all other activities in a manner consistent with the pattern of benefits attributable to the individuals or group(s) of

employees whose salaries and wages are chargeable to such Federal awards and other activities, and charged as direct or indirect costs in accordance with the non-Federal entity's accounting practices."

31 C.F.R. § 205.33(a) states in part "A State must minimize the time between the drawdown of Federal funds from the Federal government and their disbursement for Federal program purposes. A Federal Program Agency must limit a funds transfer to a State to the minimum amounts needed by the State and must time the disbursement to be in accord with the actual, immediate cash requirements of the State in carrying out a Federal assistance program or project. The timing and amount of funds transfers must be as close as is administratively feasible to a State's actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs."

2 CFR § 200.305(a) – *Federal Payment* states in part, "*For* non-Federal entities other than states, payments methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the non-Federal entity whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means."

A basic objective of Generally Accepted Accounting Principles is to provide accurate, reliable, and timely information.

Condition and Context: The original WIC FY 2021 *Schedule of Expenditures of Federal Awards* (SEFA – GAAP Package Z) submitted by the Oklahoma State Department of Health to the Office of Management and Enterprise Services (OMES) included the following errors:

- The SFY21 Non-Covid-19 beginning cash balance did not agree with the SFY20 ending cash balance.
- The SFY21 Covid-19 WIC SEFA cash basis federal revenue and federal expenditures were equal to the current year federal receivable and accounts payable accruals effectively doubling both amounts.
- The SFY20 Covid-19 WIC SEFA current year federal receivable and accounts payable amounts were not carried forward to the SFY21 SEFA as prior year federal receivable and accounts payable.
- The SFY21 Non-Covid-19 cash basis federal expenditures did not agree to the supporting FISCAL data (GraceR20 and Time and Effort TE105BDS reports) or, Statewide Accounting System expenditure data.
- The SFY21 Non-Covid-19 accrual basis federal revenues were $8,351,213 more than the accrual basis federal expenditures indicating WIC federal funds were overdrawn.

OSDH revised the SFY21 SEFA an additional four times with the following results:

- Revision one: Corrected third bullet point above but now non-Covid-19 prior year accounts payable amount does not agree to prior year (SFY20) SEFA and, variance between Non-Covid-19 accrual basis federal revenues and accrual basis federal expenditures increased to $10,344,829.
- Revision two: Corrected 1st, 2nd and 3rd bullet points above. Non-Covid-19 prior year accounts payable amount still does not agree to prior year (SFY20) SEFA and, variance between non-Covid-19 accrual basis federal revenues and accrual basis federal expenditures is now $10,022,182 due to revised Non-Covid-19 cash basis expenditure amount.
- Revision three: No changes from revision two.
- Revision four (Final): Non-Covid-19 prior year accounts payable amount still does not agree to prior year (SFY20) SEFA but amount changed from $5,945,800 to $6,660,050. Variance between Non-Covid-19 accrual basis federal revenues and accrual basis federal expenditures is now $5,202,413 due to revised non-Covid-19 cash basis expenditure amount increasing from $53,375,030 to $58,909,049 and change in PY AP. The SFY21 Non-Covid-19 cash basis federal expenditures still did not materially agree to the supporting FISCAL data (GraceR20 and Time and Effort TE105BDS reports) or, Statewide Accounting System expenditure data. (see 'Time and Effort System Issues' below).

We also noted that OSDH failed to provide the transaction level data to support the cash basis federal revenue and expenditure amounts reported on the WIC SEFA until the fourth revision. In addition, OSDH failed to provide the following requested documentation:

- All supporting worksheets used to prepare the SEFA (including support for any IDC, refunds, adjustments, receivable/payable, amounts reflected on the SEFA amounts reported)
- Procedures for differentiating between the Covid-19 revenue/expenditures from the non-Covid-19 revenue/expenditures (underlying system data used, account codes, tracking sheets, etc.)
- Support for current year federal receivables and federal payables reported on the SEFA.

Time and Effort System Issues - We reviewed the payroll amounts recorded on the employee's Time and Effort sheet and the amounts recorded in the TE105BDS reports from the OSDH Time and Effort system for 72 out of 6,348 timesheets from SFY21 for the WIC program. Based on this comparison, we noted the following issues:

- For 20 of 72 or 27.78% of payroll claims tested, the employee's Time & Effort sheet did not agree to the WIC Time & Effort report data indicating an inadequate review was performed.
- For 20 of 72 or 27.78% of payroll claims tested, the number of hours charged to the WIC program codes do not agree from the T&E sheet to the FISCAL Time and Effort report.

Note: As allowable under the WIC program, OSDH uses budgeted/estimated Time & Effort (T&E) (payroll) numbers throughout the year to charge to WIC and draw down from the grant. The actual T & E amounts for federal programs are not validated and reviewed until the FFR is prepared at the end of the federal fiscal year end (September 30, XXXX). At this time, the budgeted expenditures are reconciled to the actual expenditures and any (over)/under draws are resolved. Because the WIC SEFA is prepared as of the State fiscal year end date of June 30, XXXX, the budgeted WIC expenditures are used to prepare the SEFA, therefore, the SEFA expenditures will not agree with the FFR.

Due to the larger than normal discrepancies between the budgeted WIC expenditures and the T & E system data, SAI reviewed the FFR for the federal fiscal year ended September 30, 2021, and noted the following issues:

Due to the larger than normal discrepancies between the budgeted WIC expenditures and the T & E system data, SAI reviewed the FFR for the federal fiscal year ended September 30, 2021, and noted the following issues:

- The allocation of Program 301 (Local Health) expenditures was not performed appropriately and, it appears that WIC administrative expenditures may have been overstated. Based on the data SAI was able to obtain, the 301 percentages used to allocate 301 program expenditures were not based on actual data for the correct time period as required. It appears that the 301 allocation percentages for WIC used in the original FFR provided to SAI were based on prior year estimates averaging 19%. OSDH subsequently revised the FFR using a 301-allocation rate for WIC averaging 13.8% resulting in a decrease to administrative expenditures of approximately $870,000. However, OSDH did not provide the underlying data used to determine the 301-allocation percentage, therefore, SAI was unable to determine if the 301-allocation methodology was appropriate and, if the percentages were accurately calculated.
- The T & E data was not validated and reviewed timely for the WIC program. The FFY21 WIC FFR was due by December 2021, however, as of October 2022, the fiscal year 21 payroll data was still being reviewed and, calculations for the FY21 301 allocation percentages (needed to determine actual costs for the FY21 FFR) were not completed.
- OSDH revised the FFR, however, it appears that the indirect cost rate (IDC) was not applied consistently between SFY21 and SFY22 payroll. OSDH applied the IDC rate to salaries and fringe for SFY21 and only salaries for SFY22.

Based on our review, it appears that OSDH did not adequately reconcile the SFY SEFA WIC expenditures (budgeted amounts) to the federal fiscal year end WIC expenditures. However, this will not result in questioned costs because of the following:

- The actual dollar amount was undeterminable at the time the SEFA was prepared due to time and effort system reconciliation delays;
- It does not appear that the final SEFA WIC expenditures vary more than 5 % from the data SAI reviewed for the WIC FFR.

When reviewing the excess Pathfinder costs for OSDH we noted $1,668 in unallowable Pathfinder contributions charged to the WIC Federal grant during SFY 2021.

Cause: OSDH does not have appropriate internal procedures for calculating and reporting the amounts on the SEFA (GAAP Package Z) and, has not ensured that staff responsible for preparation and review of the SEFA have the adequate knowledge and training required.

OSDH did OSDH did not ensure that estimated amounts allocated in the Grace R20 FISCAL data to the program were reconciled or adjusted to actual costs per the Time and Effort system reports in a timely manner.

OSDH does not have internal procedures that include adequate processes to review after-the-fact interim charges made to a federal award based on budget estimates and to ensure all necessary adjustment are made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

The Department did not ensure that unallowable excess Pathfinder costs were not charged to the Federal programs.

Effect: Based on the errors noted, the amounts reported on the SEFA are unsupported and do not appear to be correct, and WIC program funds were overdrawn.

Payroll amounts and excess Pathfinder contributions that were overcharged to federal expenditures are required to be reimbursed to the Federal Agency.

Recommendation: We recommend the Oklahoma State Department of Health review the current procedures and implement the necessary changes to ensure accurate reporting of program financial information on the SEFA's (GAAP Package Z).

We recommend the Department establish procedures to timely reconcile and adjust the GraceR20 FISCAL data (or any other data used to determine WIC draw amounts or amounts charged to the WIC grant) to reflect the actual payroll costs charged to the grant and in the accounting records. We also recommend that OSDH perform a reconciliation of 100% of the SFY21 Time & Effort data to the amounts included in the SFY21 SEFA for all federal programs and return any overcharges to the respective Federal Agency.

We recommend the Department develop and implement procedures to ensure Pathfinder excess contributions (account 513300) are not charged to Federal grants.

Views of Responsible Official(s)
Contact Person: Briana Cerny, Financial Reporting Specialist
Anticipated Completion Date: 09/27/2022
Corrective Action Planned: The Oklahoma State Department of Health partially agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

Auditor Response: The corrective action planned was provided by Agency management in response to a prior version of the audit finding. SAI subsequently reviewed the grant closeout report referenced in the corrective action. This finding reflects SAI's review of the grant closeout report as well as our review of a revision of the grant closeout report prepared after we reviewed the original report. Agency management declined to revise the corrective action planned.

FINDING NO: 2021-061
STATE AGENCY: Oklahoma State Department of Health (OSDH)
FEDERAL AGENCY: United States Department of Agriculture (USDA)
AL NO: 10.557
FEDERAL PROGRAM NAME: Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
FEDERAL AWARD NUMBER: 216OK505W1003
FEDERAL AWARD YEAR: 2021
CONTROL CATEGORY: Activities Allowed or Unallowed, Allowable Costs/Cost Principles
QUESTIONED COSTS: Actual $43,525; Projected $95,397

Criteria: 7 CFR § 246.13 - Financial management system, states in part, "**(b) Internal control.** The State agency shall maintain effective control over and accountability for all Program grants and funds. The State agency must have effective internal controls to ensure that expenditures financed with Program funds are authorized and properly chargeable to the Program….**(d) Payment of costs.** The State shall implement procedures which ensure prompt and accurate payment of allowable costs, and ensure the allowability and allocability of costs in accordance with the cost principles and standard provisions of this part, 2 CFR part 200, subpart D, USDA implementing regulations 2 CFR part 400 and part 415, and FNS guidelines and instructions."

The Government Accountability Office (GAO) Standards for Internal Control in the Federal Government 10.03 states, in part, "Management designs appropriate types of control activities for the entity's internal control system. Control activities help management fulfill responsibilities and address identified risk responses in the internal control system. … Management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event."

The Government Accountability Office (GAO) Standards for Internal Control in the Federal Government 10.03 states, in part, "Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded."
Oklahoma Statewide Accounting Manual, Chapter 1 states, in part, "Between revisions, any updates to statewide accounting policy are announced in the Central Accounting and Reporting (CAR) newsletter that is emailed to agency finance officers and staff on a monthly basis…. Policies announced in the newsletter subsequent to a release of the Statewide Accounting Manual, supersede any conflicting policy in the manual."

According to the CAR Newsletter (dated November 20, 2020)
"Voucher documentation and scanning
On Nov. 15, OMES will resume the requirement to attach documentation to support vouchers and travel and expense claims prior to payment. Central Accounting & Reporting is responsible for certifying that payments are appropriate and in accordance with statutes. This requires that documentation be sent with vouchers to substantiate claims. In March, when state employees began working from home, CAR initiated temporary procedures to accommodate a fast move to telework. The temporary procedures allowed agencies to submit vouchers without scanning and attaching the supporting documentation. Agencies were to retain the documentation to be made available upon request. This documentation is now required to be submitted as agencies should have put procedures in place to scan documentation for vouchers that were paid without supporting documents."

A basic objective of Generally Accepted Accounting Principles is to provide accurate, reliable, and timely information.

A component objective of an effective internal control system is to ensure accurate and reliable information through a proper review and approval process.

Condition and Context: While documenting and reviewing controls over the WIC administrative claims we noted the following issues:

- One product claim in the amount of $36,126 was approved via email, however, no packing slips/receiving documents were provided by OSDH or scanned into Peoplesoft.
- OSDH did not provide the supporting documentation needed to verify purchase card expenditures for 4 WIC transactions totaling $5,263.

While performing testwork on the direct administrative claims paid with funds from the WIC grant, we noted the following issues in our sample of 60 of 932 or 6.43% of direct administrative claims:

- For 1 of 60, or 1.67% of claims tested totaling $166, neither the claim voucher nor invoice support could be located within the Statewide Accounting System and OSDH did not provide the documentation requested.

- For 6 of 60, or 10% of claims tested, the claim was paid before the supporting invoice was approved by the appropriate personnel.
- For 2 of 60, or 3.33% of claims tested totaling $1,971, the supporting documentation does not agree to the amount paid.
- For 9 of 60 or 15.00% of claims tested, the claim voucher was not scanned into the Statewide Accounting System as required and not provided by OSDH, therefore, we were unable to determine who approved the payment.
- For 13 of 60 or 21.67% of claims tested, the invoice and/or supporting documentation was not scanned into the Statewide Accounting System as required; however, OSDH did provide the documents.
- For 4 of 60 or 6.67% of claims tested, the claim was not properly coded and recorded in the Statewide Accounting System.

Cause: The OSDH does not have adequate internal controls in place to ensure that:

- documentation to support proper review and approval of purchases is maintained
- proper segregation of activities is maintained even under an emergency order
- purchasing documents, claim approval emails, and other supporting documentation for claims paid is maintained

Effect: Inadequate internal control policies and procedures over the purchasing process and record retention could result in an increased risk of non-compliance with federal requirements, and an inability to comply with audit requirements.

Recommendation: We recommend the OSDH:

- evaluate their documentation preparation and retention process and make the appropriate adjustments to ensure that future documents are properly prepared and retained
- ensure purchasing procedures are adequately segregated even under an emergency order
- comply with the governing policies and procedures for state financial transactions.

Views of Responsible Official(s)
Contact Person: Briana Cerny M.A. I-O Psy. | Financial Reporting Specialist
Anticipated Completion Date: September 2022
Corrective Action Planned: The Oklahoma State Department of Health agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-086
STATE AGENCY: Oklahoma State Department of Health
FEDERAL AGENCY: United States Department of Agriculture (USDA)
ALN: 10.557
FEDERAL PROGRAM NAME: Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
FEDERAL AWARD NUMBER: 216OK505W1006
FEDERAL AWARD YEAR: 2021
CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Cost Principles

Criteria: 2 CFR § 200.303(a) – *Internal Controls* states in part, "The Non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award."

A basic objective of Generally Accepted Accounting Principles is to provide accurate, reliable, and timely information.

Condition: OSDH did not complete the monthly expenditure reconciliations between the Fiscal system and the

Statewide Accounting System for the months of March 2021 through June 2021 as of March 30, 2022.

Cause: The OSDH does not have adequate internal controls operating effectively to ensure that agency reconciliations are completed in a timely manner.

Effect: Failure to complete agency reconciliations could result in federal expenditures that are overstated/understated.

Recommendation: We recommend that OSDH develop policies and procedures to ensure reconciliations are completed in a timely manner.

Views of Responsible Official(s)
Contact Person: Briana Cerny M.A. I-O Psy. | Financial Reporting Specialist
Anticipated Completion Date: N/A
Corrective Action Planned: The Oklahoma State Department of Health partially agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-096
STATE AGENCY: Oklahoma State Department of Health
FEDERAL AGENCY: United States Department of Agriculture (USDA)
ALN: 10.557
FEDERAL PROGRAM NAME: Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
FEDERAL AWARD NUMBER: 216OK505W1006
FEDERAL AWARD YEAR: 2021
CONTROL CATEGORY: All

Criteria: AU-C section 260.20 states, "The auditor should evaluate whether the two-way communication between the auditor and those charged with governance has been adequate for the purpose of the audit. If it has not, the auditor should evaluate the effect, if any, on the auditor's assessment of the risks of material misstatement and ability to obtain sufficient appropriate audit evidence and should take appropriate action.

Standards for Internal Control in the Federal Government, Principle 4 – Demonstrate Commitment to Competence, Attribute 4.02 states, "Management establishes expectations of competence for key roles, and other roles at management's discretion, to help the entity achieve its objectives. Competence is the qualification to carry out assigned responsibilities. It requires relevant knowledge, skills, and abilities, which are gained largely from professional experience, training, and certifications. It is demonstrated by the behavior of individuals as they carry out their responsibilities"

Standards for Internal Control in the Federal Government, Principle 15 – Communicate Externally, Attribute 15.03 states, "Management communicates quality information externally through reporting lines so that external parties can help the entity achieve its objectives and address related risks. Management includes in these communications information relating to the entity's events and activities that impact the internal control system."

A basic objective of Generally Accepted Accounting Principles is to provide accurate, reliable, and timely information.

Condition: The Agency did not communicate or provide audit documentation to the auditor in a timely manner.

In many cases, numerous follow-up requests had to be made for the same documentation and some documentation was never provided. See summary table below:

Requests for Internal Control Documentation Procedures			
Type of Documentation Requested	***Initial Date Requested***	***Follow-up Request dates***	***Date Received***

WIC Phocis System	8/4/2021	8/18/2021; 2/2/2022; 4/15/2022	4/27/2022
WIC Administrative Claims*	8/4/2021	2/4/2022; 2/28/2022; 3/1/2022;4/15/2022	*Partial Receipt 5/2/2022; Additional request 5/11/2022 & 6/1/2022 but did not receive documents requested
WIC Rebates	8/4/2021	8/18/2021; 9/2/2021; 9/8/2021; 9/16/2021; 9/27/2021; 10/14/2021; 10/19/2021; 10/25/2021; 11/19/2021	11/22/2021
Time & Effort Sheets/Timesheets*	2/2/2022	2/28/2022; 3/11/2022; 4/15/2022; 5/4/2022; 5/31/2022	*We never received the control documentation items requested
WIC Peer Counseling Contract	5/17/2022	5/31/2022; 6/3/2022	6/8/2022
Requests Related to Testwork			
Type of Documentation Requested	***Initial Date Requested***	***Follow-up Request dates***	***Date Received***
Administrative Claims -request to perform testwork for sample claims at OSDH	5/31/2022	*As we did not receive a response, on 6/27/2022 we notified OSDH that it was too late in the audit cycle to perform testwork at OSDH and that OSDH would have to send the support for the sample items to SAI within the week. We received the majority of the items requested within a few days	
Time & Effort - request to perform testwork for sample claims at OSDH	5/31/2022		
Agency Reconciliations	10/19/2021	10/25/2021; 12/3/2021	Partial Receipt (1 out of 3) 12/8/2021
WIC Peer Counseling Contracts	5/31/2022	7/4/2022	7/7/2022; 7/8/2022
Prior Year Finding Follow-up Documents	4/18/2022	Final Notice -6/29/2022	6/30/2022
WIC SEFA Supporting Data	9/22/2021	OSDH made 4 revisions (2/21/2022; 4/6/2022; 5/26/2022; 6/17/2022) to the original SEFA dated 11/13/2021. However, OSDH did not provide requested supporting data for the amounts reported for WIC until 6/17/2022	

With regard to eligibility testwork, administrative claims and payroll testwork, months-long delays in receiving documentation needed to perform the initial internal control documentation and risk assessment procedure left SAI with very little time to complete the compliance testwork.

In addition, OSDHs' failure to respond to requests to set up a time to perform testwork at the agency led to additional delays for administrative claims and payroll testwork. While OSDH responded quickly when they received a final request notice on 6/27/2022, this put an undue burden on SAI to complete testwork in a compressed time period when OSDH was capable of providing the documents when they were initially requested as they demonstrated by being able to provide a large number of documents within one week.

During our exit conference for the Annual Comprehensive Financial Statement audit on April 14, 2021, we discussed with management the Agency's inadequate communication and failure to provide requested documentation timely. Agency management stated that changes would be made to correct the issues; however, changes were not made timely.

Cause: The OSDH does not have adequate procedures and controls in place to ensure accurate, reliable, and timely responses to communication and documentation requests by the auditor.

Effect: Failure to communicate and provide audit documentation to the auditor in a timely manner resulted substantial delays in completion of the audit, as well as more audit hours than were originally budgeted for this program.

Recommendation: We recommend that OSDH develop adequate procedures and controls to ensure accurate, reliable, and timely responses to communication and documentation requests by the auditor.

Views of Responsible Official(s)
Contact Person: Briana Cerny M.A. I-O Psy. | Financial Reporting Specialist
Anticipated Completion Date: N/A
Corrective Action Planned: The Oklahoma State Department of Health agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

OKLAHOMA HEALTH CARE AUTHORITY

FINDING NO: 2021-008 (Repeat #2020-051)
STATE AGENCY: Oklahoma Health Care Authority
FEDERAL AGENCY: United States Department of Health and Human Services
ALN: 93.778
FEDERAL PROGRAM NAME: Medicaid Cluster
FEDERAL AWARD NUMBER: 2005OK5MAP; 2105OK5MAP
FEDERAL AWARD YEAR: 2020 and 2021
CONTROL CATEGORY: Special Tests and Provisions - Medicaid National Correct Coding Initiative (NCCI)
QUESTIONED COSTS: $0

Criteria: 42 USC §1396b(r)(1) *Mechanized claims processing and information retrieval systems; operational, etc., requirements* states "In order to receive payments under subsection (a) for use of automated data systems in administration of the State plan under this subchapter, a State must, in addition to meeting the requirements of paragraph (3), have in operation mechanized claims processing and information retrieval systems that meet the requirements of this subsection and that the Secretary has found— … (B) are compatible with the claims processing and information retrieval systems used in the administration of subchapter XVIII, and for this purpose— … (iv) effective for claims filed on or after October 1, 2010, incorporate compatible methodologies of the National Correct Coding Initiative administered by the Secretary (or any successor initiative to promote correct coding and to control improper coding leading to inappropriate payment) and such other methodologies of that Initiative (or such other national correct coding methodologies) as the Secretary identifies in accordance with paragraph (4) … ."

Condition and Context: The purpose of the NCCI Program is to promote correct coding, prevent coding errors, prevent code manipulation, reduce improper payments and reduce the paid claims improper payment rate.

In paying applicable Medicaid claims, States' Medicaid Enterprise Systems (MES) are required to completely and correctly implement the following six Medicaid NCCI methodologies to ensure that only proper payments of procedures are reimbursed. OHCA has yet to fully implement the six NCCI methodologies listed below:

(1) NCCI Procedure-to-Procedure (PTP) edits for practitioner and ambulatory surgical center (ASC) claims.
(2) NCCI PTP edits for outpatient hospital services including emergency department, observation care, and outpatient hospital laboratory services.
(3) Medically Unlikely Edit (MUE) units of service (UOS) edits for practitioner and ASC services.

(4) MUE UOS edits for outpatient hospital services including emergency department, observation care, and outpatient hospital laboratory services.
(5) MUE UOS edits for durable medical equipment (DME) billed by providers.
(6) NCCI PTP edits for durable medical equipment (added in October 2012).

Since the NCCI methodologies have not been fully implemented, the OHCA has also been unable to use the following as intended:

- all four components of each Medicaid NCCI methodology;
- the most recent quarterly Medicaid NCCI edit files for States;
- the Medicaid NCCI edits in effect for the date of service on the claim line or claim;
- the claim-adjudication rules in the Medicaid NCCI methodologies; and
- all modifiers for Healthcare Common Procedure Coding System (HCPCS) codes and Current Procedural Terminology (CPT) codes needed for the correct adjudication of applicable Medicaid claims.

Lastly, the OHCA has begun the process of implementing a new claims review system (Claims XTen) that is intended to incorporate the NCCI edits. However, as of February 8, 2022 the go live date for the first phase of the Claims XTen implementation for 'pay and deny' claims was on January 2, 2022. The second phase was implemented with a 'post and pay' in December 2021 with an implementation of 'post and deny' on May 2, 2022.

Cause: The OHCA initially tried to implement the NCCI edits as part of their state edit system, or the Medicaid Management Information System (MMIS). However, after having trouble implementing the NCCI and state specific edits when needed per the Medicaid Technical Guidance Manual, the agency began working on a separate NCCI claims review system.

Effect: OHCA may be paying for services that were billed containing improper coding, coding errors, or code manipulation. As a result, significant Medicaid savings could be seen by fully implementing the required NCCI medical claims review edits.

Recommendation: We recommend OHCA continue to work on development of the NCCI edits to ensure full implementation of the NCCI methodologies into the agency's claim's review process.

Views of Responsible Official(s)
Contact Person: Melanie Lawrence, Strategic Innovation Manager
Anticipated Completion Date: May 2, 2022
Corrective Action Planned: The Oklahoma Health Care Authority agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-010 (Repeat #2020-068)
STATE AGENCY: Oklahoma Health Care Authority
FEDERAL AGENCY: United States Department of Health and Human Services
ALN: 93.778
FEDERAL PROGRAM NAME: Medicaid Cluster
FEDERAL AWARD NUMBER: 2005OK5MAP and 2105OK5MAP
FEDERAL AWARD YEAR: 2020 and 2021
CONTROL CATEGORY: Activities Allowed or Unallowed and Allowable Costs/Cost Principles; Matching
QUESTIONED COSTS: $286

Criteria: 45 CFR § 75.403 *Factors affecting allowability of costs* states in part, "Costs must…(a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles, and (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items, and (g) Be adequately documented."

Condition and Context: Medical payments are direct medical costs that are initiated by the provider based on services rendered through the Medicaid Management Information System (MMIS). Based on a medical professional's review

of 114 medical claims initiated by the provider for Medical Assistance Program (MAP) recipients, we noted the following:

- Two claims had payment errors totaling $385, of which $286 ($385 x the applicable Federal Medical Assistance Percentage (FMAP) rate (74.19% for QE 6/30/21)) is the federal questioned costs. One billed claim was for services performed by a provider not contracted by Medicaid; therefore, the service was not eligible for payment under the Medicaid reimbursement guidelines. The other claim was billed for 223 units, but documentation only supported the use of 222 units, resulting in an overpayment.

Cause: Providers submitted claims through the MMIS that did not meet MAP program requirements. In addition, since all provider claims are not scanned in the system, the only way these exceptions are detected are through audits or reviews.

Effect: The Oklahoma Health Care Authority (OHCA) may be paying for services that were not properly supported by medical records.

Recommendation: We recommend OHCA investigate the MAP medical exceptions noted and make any processing changes possible to ensure MAP claims are meeting program requirements.

Views of Responsible Official(s)
Contact Person: Josh Richards
Anticipated Completion Date: September 30, 2022
Corrective Action Planned: The Oklahoma Health Care Authority agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-014 (All Clusters/Programs Repeat #2020-021)
STATE AGENCY: Oklahoma Department of Human Services (OKDHS) and Oklahoma Health Care Authority
FEDERAL AGENCY: United States Department of Agriculture and Department of Health and Human Services
ALN: 10.551, 93.558, 93.575, 93.596, and 93.778
FEDERAL PROGRAM NAME: SNAP Cluster, TANF Program, CCDF Cluster, and Medicaid Cluster
FEDERAL AWARD NUMBER: G2001OKTANF, G2101OKTANF, G2001OKCCDF, G2101OKCCDF, 2005OK5MAP, and 2105OK5MAP
FEDERAL AWARD YEAR: 2020 and 2021
CONTROL CATEGORY: Special Tests and Provisions – ADP System for SNAP (SNAP); Special Tests and Provisions – Income Eligibility and Verification System (TANF Program); Eligibility (CCDF Cluster and Medicaid Cluster)
QUESTIONED COSTS: $0

Criteria: According to 2 CFR Part 200, Appendix XI, Part 4 applicable to the Temporary Assistance for Needy Families program, each State shall participate in the Income Eligibility and Verification System (IEVS) required by section 1137 of the Social Security Act as amended. Under the state plan the state is required to coordinate data exchanges with other federally assisted benefit programs, request and use income and benefit information when making eligibility determinations and adhere to standardized formats and procedures in exchanging information with other programs and agencies.

45 CFR 205.56(a)(1)(iv) states in part "For individuals who are recipients when the information is received or for whom a decision could not be made prior to authorization of benefits, the State agency shall within forty-five (45) days of its receipt, initiate a notice of case action or an entry in the case record that no case action is necessary… ."

DHS Policy OAC 340:65-3-4-4 states in part "Automated data exchange with other agencies provides OKDHS with information regarding household members' benefits, wages, taxes, Social Security numbers, and current addresses. The system compares information obtained electronically with data stored within OKDHS electronic records to determine if there are discrepancies that need to be addressed. Automated data exchange information is also available within the OKDHS system to determine discrepancies. The worker is responsible for: (C) resolving data exchange discrepancy messages within 45-calendar days of the date the message is posted on the data exchange inquiry screen."

Condition and Context: We reviewed the SFY 2021 (July 1, 2020 – June 30, 2021) G1DX Exception and Clearance Reports to determine whether data exchange discrepancy (exception) messages were resolved within the required 45 calendar days of the date the message was posted on the data exchange inquiry screen. Because the method used to compile the discrepancy messages did not differentiate by program, the messages were reviewed at the error type level. Therefore, the discrepancies listed below are a culmination of multiple programs and may not apply to each program individually. We noted 118,006 of a total of 348,716 exceptions, or 33.84%, were not resolved within the required 45 calendar day period as noted in the following schedule.

ERROR TYPE	OPEN & RESOLVED G1DX EXCEPTIONS OVER 45 DAYS	TOTAL OPEN & RESOLVED G1DX EXCEPTIONS	% OF EXCEPTIONS OVER 45 DAYS
BEN	13,407	50,548	26.52%
CSE	9,149	12,461	73.42%
DOD	110	180	61.11%
ENU	15,763	19,967	78.95%
IEV	4,725	7,061	66.92%
NNH	12,715	67,838	18.74%
OWG	13,241	39,741	33.32%
PRS	283	1,910	14.82%
SDX	15,536	62,139	25.00%
SNH	20,630	52,640	39.19%
UIB	12,447	34,231	36.36%
TOTAL	**118,006**	**348,716**	**33.84%**

The G1DX System is a OKDHS application that compares client information entered by a OKDHS employee and OKDHS IEVS information sources as they are periodically updated. These sources include;

- Wage information for the State Wage Information Collection Agency (SWICA).
- Unemployment Compensation
- All available information from the Social Security Administration (SSA)
- Information from the U.S. Citizenship and Immigration Services
- Unearned Income from the Internal Revenue Services (IRS)

Cause: The discrepancies were not cleared within the allowable 45 days per federal regulation and OKDHS policy due to an inadequate number of personnel assigned to these duties. Additionally, management is not closely monitoring the clearance of G1DX discrepancies.

Effect: The Department was not in compliance with the above stated requirement, which may result in ineligible individuals receiving program benefits.

Recommendation: We recommend the Department utilize the monitoring reports created for the G1DX discrepancies that summarize these discrepancies by worker, supervisor, county, and area. These reports allow management to monitor not only the type of discrepancy and length of days outstanding, but also to distinguish who is responsible for clearing the discrepancy within the 45 days allowed under current federal regulation and DHS policy.

Views of Responsible Official(s)
Contact Person: Paulette Kendrick and Jeff Rosebeary (OHS) Ginger Clayton (OHCA)
Anticipated Completion Date: Monitoring process completed, Audit Report correction 12/31/2022

Corrective Action Planned: The Oklahoma Health Care Authority agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-026 (Repeat #2020-034)
STATE AGENCY: Oklahoma Health Care Authority (the Authority)/Oklahoma Department of Human Services (OKDHS)
FEDERAL AGENCY: United States Department of Health and Human Services
ALN: 93.778
FEDERAL PROGRAM NAME: Medicaid Cluster
FEDERAL AWARD NUMBER: 2005OK5021 and 2105OK5021
FEDERAL AWARD YEAR: 2020 and 2021
CONTROL CATEGORY: Eligibility
QUESTIONED COSTS: $0

Criteria: 45 CFR §75.303 states, "The non-Federal entity must:(a) Establish and maintain effective internal controls over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)."

42 CFR §431.10(c)(2) states, "The Medicaid agency may delegate authority to make eligibility determinations or to conduct fair hearings under this section only to a government agency which maintains personnel standards on a merit basis."

42 CFR §431.10(c)(3)(ii) states in part, "The Medicaid agency must exercise appropriate oversight over the eligibility determinations and appeals decisions made by such agencies …."

OKDHS Policy OAC 340:65-3-4 (4) states in part, "Automated data exchange with other agencies provides DHS with information regarding household members' benefits, wages, taxes, Social Security numbers, and current addresses. The system compares information obtained electronically with data stored within DHS electronic records to determine if there are discrepancies to be addressed."

OAC 317:35-5-42(b)(5)(A) states in part, "A lump sum payment may be considered as earned or unearned income, depending on the source of the lump sum payment. Lump sum payments may include, but are not limited to:
(vi) Lottery or gambling winnings,…."

Condition and Context: The Authority delegates OKDHS to determine eligibility for non-MAGI (modified adjusted gross income) recipients. OKDHS utilizes automated data exchange information obtained from other agencies to verify the information provided by recipients.

Office of Management and Enterprise Services – Information Services Division (OMES-ISD) runs scheduled data exchange jobs to gather the information from the various agencies for the Automated Caseload Evaluation System (ACES). The ACES system is a web-based application that gathers all available OKDHS data exchange information on a case, which is used by the Social Services Specialist to assist in determining Medicaid eligibility. The data exchange jobs are assigned to a coordinator who is responsible for seeing that the jobs are placed in the TWS (scheduling system) on the correct calendar with the date and time jobs are to run.

Details of the reports and the deviation noted are as follows:

DATA EXCHANGE JOB/TRANSMISSION JOB	OWNER	FREQUENCY	DEVIATION FROM SCHEDULED FREQUENCY
CA930BBD	SSA	Daily	October 12th 2020
CB060M	IRS	Monthly	January 2021
CB077M	IRS	Monthly	January 2021
CB077M	IRS	Monthly	March 2021

In addition, we also determined that OKDHS did not run any data exchange jobs with the Oklahoma Lottery Commission to determine eligibility.

Cause: The Authority lacked appropriate oversight over the data exchange jobs completed by OKDHS resulting in inadequate controls over the data exchange process to ensure jobs are ran at the frequency required.

Effect: Non-compliance with the Code of Federal Regulations (CFRs) and The Authority's Policy OAC 317:35-5-42 and OKDHS Policy OAC 340:65-3-4 (4), which could result in payment of Medicaid benefits to ineligible recipients.

Recommendation: To comply with the CFRs and The Authority's Policy OAC 317:35-5-42 and OKDHS Policy OAC 340:65-3-4 (4), we recommend the Authority review internal control policy and procedures over data exchange jobs and update as necessary to ensure they are operating effectively so that data exchange jobs are run at the frequently required and issues noted are addressed in a timely manner.

Views of Responsible Official(s)
Contact Person: Jeff Rosebeary (OHS): Ginger Clayton (OHCA)
Anticipated Completion Date: IRS – Completed; SSA/Lottery Commission - 12/31/2022
Corrective Action Planned: The Oklahoma Health Care Authority agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-028
STATE AGENCY: Oklahoma Health Care Authority (the Authority)/Oklahoma Department of Human Services (OKDHS)
FEDERAL AGENCY: United States Department of Health and Human Services
ALN: 93.767; 93.778
FEDERAL PROGRAM NAME: Children's Health Insurance Program; Medicaid Cluster
FEDERAL AWARD NUMBER: 2005OK5021 and 2105OK5021; 2005OK5MAP and 2105OK5MAP
FEDERAL AWARD YEAR: 2020 and 2021
CONTROL CATEGORY: Eligibility
QUESTIONED COSTS: $0

Criteria: 42 CFR §431.10(c)(2) states, "The Medicaid agency may delegate authority to make eligibility determinations or to conduct fair hearings under this section only to a government agency which maintains personnel standards on a merit basis."

42 CFR §431.10(c)(3)(ii) states in part, "The Medicaid agency must exercise appropriate oversight over the eligibility determinations and appeals decisions made by such agencies ..."

42 CFR §435.917(a) states in part, "Notice of eligibility determinations. Consistent with §§431.206 through 431.214 of this chapter, the agency must provide all applicant and beneficiaries with timely and adequate written notice of any decision affecting their eligibility, including an approval, denial, termination or suspension of eligibility, or a denial or change in benefits and services."

42 CFR §431.211 states in part "The State or local agency must send a notice at least 10 days before the date of action…"

42 CFR §433.400(c)(2)(iii) states, "For beneficiaries not described in paragraph (c)(2)(i) or (ii) of this section, the state must continue to provide at least the same level of medical assistance as was provided as of or after March 18, 2020."

CMS-9912 Interim Final Rule with Comment Factsheet on Updated Policy for Maintaining Medicaid Enrollment during the Public Health Emergency for COVID-19 states "In states claiming the temporary FMAP increase, a beneficiary's Medicaid enrollment may be terminated prior to the first day of the month after the PHE for COVID-19 ends if:

1. The beneficiary requests a voluntary termination of eligibility;
2. The beneficiary dies;
3. The beneficiary ceases to be a resident of the state; or
4. The beneficiary was not validly enrolled."

Additionally, a component objective of generally accepted accounting principles is to provide accurate and reliable information.

Condition and Context: We tested a non-statistical sample of 72 Medicaid cases and 72 CHIP cases that were closed during the year and reviewed the case record documentation maintained at OHCA for Medicaid eligibility.

Medicaid

- For 5 (7%) of the 72 cases tested, members services were reduced for circumstances during PHE other than:
    - The beneficiary requests a voluntary termination of eligibility;
    - The beneficiary dies;
    - The beneficiary ceases to be a resident of the state;
    - The beneficiary was not validly enrolled on March 18, 2020

CHIP

- For 5 (7%) of 72 cases tested, no notification of termination of benefits were sent.

The Authority delegates OKDHS to determine eligibility for non-MAGI (modified adjusted gross income) recipients. We tested a non-statistical sample of 72 cases that were closed during the year and reviewed the case record documentation maintained at OKDHS for Medicaid eligibility.

- For 3 (4.2%) of 72 cases tested, the case was closed for circumstances during the PHE other than:
    - The beneficiary requests a voluntary termination of eligibility;
    - The beneficiary dies;
    - The beneficiary ceases to be a resident of the state;
    - The beneficiary was not validly enrolled on March 18, 2020
- For 2 (2.8%) of 72 cases tested the case was closed and reopened with no lapse in benefit but was not reopened timely.
- For 31 (43%) of 72 cases tested no notification of termination of benefits was sent.
- For 1 (1%) of 72 cases tested the notification was not sent in advance (10 days) prior to termination of benefits.

Cause: OHCA lacked adequate internal controls and appropriate processes to ensure clients received advanced (when applicable) notifications of a termination of benefits and to ensure services were only reduced on cases outlined at 42 CFR §433.400 paragraph (c)(2)(i) or (ii).

OKDHS lacked adequate internal controls and appropriate processes to ensure clients received advanced (when applicable) notifications of a termination of benefits and to ensure cases were only closed as outlined in CMS-9912.

Effect: Non-compliance with the Code of Federal Regulations (CFRs) and CMS guidance (CMS-9912) on maintaining Medicaid Enrollment during the Public Health Emergency for COVID-19, which could result in the termination of the temporary FMAP increase.

Recommendation: To comply with the CFRs and CMS guidance (CMS-9912) we recommend OHCA and OKDHS review internal control policy and procedures over decisions affecting an applicant or beneficiaries' eligibility, including the termination of benefits to align with CMS-9912 and the advanced (when applicable) notification of termination of benefits.

Views of Responsible Official(s)

Contact Person: Jeff Rosebeary (OHS); Ginger Clayton (OHCA)
Anticipated Completion Date: OHS August 19, 2022, and October 15, 2022; OHCA August 4, 2022
Corrective Action Planned: The Oklahoma Health Care Authority agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-048
STATE AGENCY: Oklahoma Health Care Authority (OHCA)
FEDERAL AGENCY: United States Department of Health and Human Services
ALN: 93.778
FEDERAL PROGRAM NAME: Medicaid Cluster
FEDERAL AWARD NUMBER: 2005OK5MAP; 2105OK5MAP
FEDERAL AWARD YEAR: 2020 and 2021
CONTROL CATEGORY: Special Tests and Provisions – Refunding of Federal Share of Medicaid Overpayments to Providers
QUESTIONED COSTS: $0

Criteria: 42 CFR § 433.316(a) *General rule* states, "The date on which an overpayment is discovered is the beginning date of the 1-year period allowed for a State to recover or seek to recover an overpayment before a refund of the Federal share of an overpayment must be made to CMS."

42 CFR § 433.316(c) *Overpayments resulting from situations other than fraud* states, "An overpayment resulting from a situation other than fraud is discovered on the earliest of - -
(1) The date on which any Medicaid agency official or other State official first notifies a provider in writing of an overpayment and specifies a dollar amount that is subject to recovery;
(2) The date on which a provider initially acknowledges a specific overpaid amount in writing to the Medicaid agency; or
(3) The date on which any State official or fiscal agent of the State initiates a formal action to recoup a specific overpaid amount from a provider without having first notified the provider in writing."

42 CFR § 433.316(h) *Effect of administrative or judicial appeals* states, "Any appeal rights extended to a provider do not extend the date of discovery."

42 CFR § 433.320 *Procedures for Refunds to CMS* states, "(a) Basic Requirements.
(1) The agency must refund the Federal share of overpayments that are subject to recovery to CMS through a credit on its Quarterly Statement of Expenditures (Form CMS-64).
(2) The agency must credit CMS with the Federal share of overpayments subject to recovery on the earlier of -
(i) The Form CMS-64 submission due to CMS for the quarter in which the State recovers the overpayment from the provider; or
(ii) The Form CMS-64 due to CMS for the quarter in which the 1-year period following discovery, established in accordance with § 433.316, ends.
(3) A credit on the Form CMS-64 must be made whether or not the overpayment has been recovered by the State from the provider.
(4) If the State does not refund the Federal share of such overpayment as indicated in paragraph (a)(2) of this section, the State will be liable for interest on the amount equal to the Federal share of the non-recovered, non-refunded overpayment amount. Interest during this period will be at the Current Value of Funds Rate (CVFR), and will accrue beginning on the day after the end of the 1-year period following discovery until the last day of the quarter for which the State submits a CMS-64 report refunding the Federal share of the overpayment."

Condition and Context: Based on review of the overpayment discovery records, it appears the overpayment letters were mailed to providers, which started the 1-year period before an overpayment must be reported on the CMS-64. However, when reviewing the MAP overpayments reported on Form CMS-64, we noted that for 11 of 70 (15.71%) overpayments totaling $1,822,955.82, the overpayments were not reported timely in accordance with 42 CFR § 433.316(a)(c). Also, none of the 11 MAP overpayments were related to fraud.

Cause: The Authority's staff did not submit MAP overpayments for inclusion on the CMS-64 until an appeal case had been resolved, which is contradictory to the requirement in 42 CFR § 433.316(h).

Effect: MAP overpayments related to appeals were not reported in compliance with 42 CFR § 433.316. Also, when refunding overpayments past the allowable period as indicated in 42 CFR § 433.320(a)(2), the Authority could be liable for interest as outlined at 42 CFR § 433.320(a)(4).

Recommendation: We recommend the Authority develop policies and procedures to ensure correspondence related to overpayments are relayed timely, in accordance with 42 CFR § 433.316, to all staff involved in the overpayment process.

The Authority should also develop a process to identify how and when MCHIP overpayments will be reported on the CMS-64.

Views of Responsible Official(s)
Contact Person: Josh Richards
Anticipated Completion Date: 9/30/2022
Corrective Action Planned: The Oklahoma Health Care Authority agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-069 (Repeat #2020-045)
STATE AGENCY: Oklahoma Health Care Authority (the Authority)
FEDERAL AGENCY: United States Department of Health and Human Services
ALN: 93.767; 93.778
FEDERAL PROGRAM NAME: Children's Health Insurance Program; Medicaid Cluster
FEDERAL AWARD NUMBER: 2005OK5021 and 2105OK5021; 2005OK5MAP and 2105OK5MAP
FEDERAL AWARD YEAR: 2020 and 2021
CONTROL CATEGORY: Activities Allowed or Unallowed and Allowable Costs/Cost Principles; Eligibility
QUESTIONED COSTS: $0

Criteria: 45 CFR §75.303 states, "The non-Federal entity must:(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)."

42 CFR §435.900 through .965 (Subpart J) describes the federal regulations applicable to Medicaid eligibility. The specific federal regulations applicable to this finding are listed below.

- 42 CFR §435.916 (a)(2)
- 42 CFR §435.916 (c)
- 42 CFR §435.916 (d)(1) and (2)
- 42 CFR §435.916 (e)
- 42 CFR §435.945 (b)
- 42 CFR §435.948 (a) and (b) (c)
- 42 CFR §435.952 (a) and (c)(2)

Oklahoma Administrative Code (OAC) 317:35 contains the State's administrative code applicable to Medicaid eligibility. The specific OAC sections applicable to this finding are listed below.

- OAC 317:35-6-60.1 (c)
- OAC 317:35-10-26

Additionally, a component objective of generally accepted accounting principles is to provide accurate and reliable information.

Condition and Context: MAGI-based Medicaid and CHIP eligibility are determined using the same methodology.

We tested a non-statistical sample of 73 Medicaid MAGI based recipients for Medicaid eligibility requirements using the documentation in the Authority's eligibility case records. The universe included 771,101 Medicaid MAGI-based recipients with 9,947,322 medical claims totaling $1,961,840,657. We sampled one medical claim tied to a specific date of service per recipient tested. Tested medical claims for sampled recipients totaled $9,071.22.

- For 1 (1%) of 73 cases tested, the wage data exchange received was not compared against the household income each time quarterly wage data is received to determine if the recipient remained eligible throughout the year Non-compliance was not noted for any of these cases.

- For 3 (4%) of 73 cases tested, the case file lacked sufficient documentation to fully support the eligibility determination. The insufficient documentation included:
    - No evidence that self-reported income was verified
    - Limited evidence of requests for additional information
    - Applicants and/or their spouses lacked SSNs or other personal identifiers to compare self-reported income to a data exchange. In addition, no further evidence was obtained for verifying the income.

  From the evidence in the case file, we were unable to determine eligibility for these 3 recipients. *Since the case records did not include the required documentation to support the eligibility determination, the payments made on behalf of these recipients could be considered improper payments.*

We tested a non-statistical sample of 73 CHIP MAGI based recipients for Medicaid eligibility requirements using the documentation in the Authority's eligibility case records. The universe included 235,692 Medicaid MAGI-based recipients with 2,110,012 medical claims totaling $369,205,257. We sampled one medical claim tied to a specific date of service per recipient tested. Tested medical claims for sampled recipients totaled $9,720.79.

- For 1 (1%) of 73 cases tested, the wage data exchange received was not compared against the household income each time quarterly wage data was received to determine if the recipient remained eligible throughout the year. Non-compliance was not noted for any of these cases.

- For 7 (10%) of 73 cases tested, the case file lacked sufficient documentation to fully support the eligibility determination. The insufficient documentation included:
    - No evidence that self-reported income was verified
    - Limited evidence of requests for additional information
    - Applicants and/or their spouses lacked SSN or other personal identifiers to compare self-reported income to a data exchange. In addition, no further evidence was obtained for verifying the income

  From the evidence in the case file, we were unable to determine eligibility for these 7 recipients. *Since the case records did not include the required documentation to support the eligibility determination, the payments made on behalf of these recipients could be considered improper payments.*

Cause: The Authority lacked internal controls over the MAGI (Modified Adjusted Gross Income) eligibility determinations. The Authority accepted self-attested income without a wage match or requesting further documentation from the recipient. They also failed to compare data exchanges to the case files each time quarterly wage data was received; therefore, the methodology they used did not provide appropriate oversight over the eligibility determinations to ensure adequate controls are in place to properly determine eligibility.

Effect: The Authority's methodology does not comply with the state and federal regulations and the Authority may be paying for services for which the recipient is not entitled.

Recommendation: We recommend the Authority review the current system of eligibility controls and update its methodology to ensure the required conditions of eligibility are met and comply with state and federal regulations

when making eligibility determinations. This should include, but not be limited to, taking steps to enhance the eligibility determination process and controls to ensure income is adequately verified.

Views of Responsible Official(s)
Contact Person: Ginger Clayton
Anticipated Completion Date: Completed January 13, 2022, May 26, 2022, and July 7, 2022
Corrective Action Planned: The Oklahoma Health Care Authority agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

OKLAHOMA DEPARTMENT OF HUMAN SERVICES

FINDING NO: 2021- 014 (All Clusters/Programs Repeat #2020-021)
STATE AGENCY: Oklahoma Department of Human Services (DHS) and Oklahoma Health Care Authority
FEDERAL AGENCY: United States Department of Agriculture and Department of Health and Human Services
ALN: 10.551, 93.558, 93.575, 93.596, and 93.778
FEDERAL PROGRAM NAME: SNAP Cluster, TANF Program, CCDF Cluster, and Medicaid Cluster
FEDERAL AWARD NUMBER: G2001OKTANF, G2101OKTANF, G2001OKCCDF, G2101OKCCDF, 2005OK5MAP, and 2105OK5MAP
FEDERAL AWARD YEAR: 2020 and 2021
CONTROL CATEGORY: Special Tests and Provisions – ADP System for SNAP (SNAP); Special Tests and Provisions – Income Eligibility and Verification System (TANF Program); Eligibility (CCDF Cluster and Medicaid Cluster)
QUESTIONED COSTS: $0

Criteria: According to 2 CFR Part 200, Appendix XI, Part 4 applicable to the Temporary Assistance for Needy Families program, each State shall participate in the Income Eligibility and Verification System (IEVS) required by section 1137 of the Social Security Act as amended. Under the state plan the state is required to coordinate data exchanges with other federally assisted benefit programs, request and use income and benefit information when making eligibility determinations and adhere to standardized formats and procedures in exchanging information with other programs and agencies.

45 CFR 205.56(a)(1)(iv) states in part "For individuals who are recipients when the information is received or for whom a decision could not be made prior to authorization of benefits, the State agency shall within forty-five (45) days of its receipt, initiate a notice of case action or an entry in the case record that no case action is necessary… ."

DHS Policy OAC 340:65-3-4-4 states in part "Automated data exchange with other agencies provides OKDHS with information regarding household members' benefits, wages, taxes, Social Security numbers, and current addresses. The system compares information obtained electronically with data stored within OKDHS electronic records to determine if there are discrepancies that need to be addressed. Automated data exchange information is also available within the OKDHS system to determine discrepancies. The worker is responsible for: (C) resolving data exchange discrepancy messages within 45-calendar days of the date the message is posted on the data exchange inquiry screen."

Condition and Context: We reviewed the SFY 2021 (July 1, 2020 – June 30, 2021) G1DX Exception and Clearance Reports to determine whether data exchange discrepancy (exception) messages were resolved within the required 45 calendar days of the date the message was posted on the data exchange inquiry screen. Because the method used to compile the discrepancy messages did not differentiate by program, the messages were reviewed at the error type level. Therefore, the discrepancies listed below are a culmination of multiple programs and may not apply to each program individually. We noted 118,006 of a total of 348,716 exceptions, or 33.84%, were not resolved within the required 45 calendar day period as noted in the following schedule.

ERROR TYPE	OPEN & RESOLVED G1DX EXCEPTIONS OVER 45 DAYS	TOTAL OPEN & RESOLVED G1DX EXCEPTIONS	% OF EXCEPTIONS OVER 45 DAYS
BEN	13,407	50,548	26.52%
CSE	9,149	12,461	73.42%
DOD	110	180	61.11%
ENU	15,763	19,967	78.95%
IEV	4,725	7,061	66.92%
NNH	12,715	67,838	18.74%
OWG	13,241	39,741	33.32%
PRS	283	1,910	14.82%
SDX	15,536	62,139	25.00%
SNH	20,630	52,640	39.19%
UIB	12,447	34,231	36.36%
TOTAL	**118,006**	**348,716**	**33.84%**

The G1DX System is a OKDHS application that compares client information entered by a OKDHS employee and OKDHS IEVS information sources as they are periodically updated. These sources include;

- Wage information for the State Wage Information Collection Agency (SWICA).
- Unemployment Compensation
- All available information from the Social Security Administration (SSA)
- Information from the U.S. Citizenship and Immigration Services
- Unearned Income from the Internal Revenue Services (IRS)

Cause: The discrepancies were not cleared within the allowable 45 days per federal regulation and OKDHS policy due to an inadequate number of personnel assigned to these duties. Additionally, management is not closely monitoring the clearance of G1DX discrepancies.

Effect: The Department was not in compliance with the above stated requirement, which may result in ineligible individuals receiving program benefits.

Recommendation: We recommend the Department utilize the monitoring reports created for the G1DX discrepancies that summarize these discrepancies by worker, supervisor, county, and area. These reports allow management to monitor not only the type of discrepancy and length of days outstanding, but also to distinguish who is responsible for clearing the discrepancy within the 45 days allowed under current federal regulation and DHS policy.

Views of Responsible Official(s)
Contact Person: Paulette Kendrick and Jeff Rosebeary (OKDHS) Ginger Clayton (OHCA)
Anticipated Completion Date: May 30, 2022
Corrective Action Planned: The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-015
STATE AGENCY: Oklahoma Department of Human Services
FEDERAL AGENCY: United States Department of Health and Human Services
ALN: 93.558
FEDERAL PROGRAM NAME: Temporary Assistance for Needy Families
FEDERAL AWARD NUMBER: G2101OKTANF

FEDERAL AWARD YEAR: 2021
CONTROL CATEGORY: Reporting
QUESTIONED COSTS: $0

Criteria: 45 CFR §75.303 states, "The non-Federal entity must:(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)."

ACF-199 Reporting Instructions state in part: "The State agency or Tribal grantee should collect and report data for each data element. The data must be complete (unless explicitly instructed to leave the field blank) and accurate (i.e., correct)."

Additionally, a component objective of generally accepted accounting principles is to provide accurate and reliable information.

Condition and Context: SAI staff made inquiry to OKDHS regarding the process in place over the FTANF report used to accumulate the data reported for the ACF-199 report and determined there was an internal control process designed to ensure the data reported on the ACF-199 report is complete and accurate. However, SAI was unable to obtain detailed support documenting the review process of the data reported on the ACF-199 report to determine that the internal control process was implemented during SFY 2021.

Critical line-item data for two line items reported on the ACF-199 reports for the quarters ending 9/30/20, 12/31/20, and 3/31/21 did not trace and agree to supporting documentation for 7 of the 55 cases tested from a population of 7,140 cases. Data reported for the "number of months countable toward federal time limit" critical line item did not trace and agree to supporting documentation for 2 cases and data reported for the "work participation status" critical line item did not trace and agree to supporting documentation for 5 cases.

Cause: The two employees responsible for the data validation process left DHS and management was unable to locate any validation documentation for any of the months during SFY 2021.

Effect: The ACF-199 report for the TANF program may have incomplete or inaccurate data for SFY 2021.

Recommendation: We recommend the Department implement established procedures to ensure the data recorded on the ACF-199 report is complete and accurate. Additionally, documentation of the review should be maintained.

Views of Responsible Official(s)
Contact Person: Paulette Kendrick and Jeff Rosebeary
Anticipated Completion Date: January 30, 2022
Corrective Action Planned: The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-026 (Repeat #2020-034)
STATE AGENCY: Oklahoma Health Care Authority (the Authority)/Oklahoma Department of Human Services (OKDHS)
FEDERAL AGENCY: United States Department of Health and Human Services
ALN: 93.778
FEDERAL PROGRAM NAME: Medicaid Cluster
FEDERAL AWARD NUMBER: 2005OK5021 and 2105OK5021
FEDERAL AWARD YEAR: 2020 and 2021
CONTROL CATEGORY: Eligibility
QUESTIONED COSTS: $0

Criteria: 45 CFR §75.303 states, "The non-Federal entity must:(a) Establish and maintain effective internal controls over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)."

42 CFR §431.10(c)(2) states, "The Medicaid agency may delegate authority to make eligibility determinations or to conduct fair hearings under this section only to a government agency which maintains personnel standards on a merit basis."

42 CFR §431.10(c)(3)(ii) states in part, "The Medicaid agency must exercise appropriate oversight over the eligibility determinations and appeals decisions made by such agencies ..."

OKDHS Policy OAC 340:65-3-4 (4) states in part, "Automated data exchange with other agencies provides DHS with information regarding household members' benefits, wages, taxes, Social Security numbers, and current addresses. The system compares information obtained electronically with data stored within DHS electronic records to determine if there are discrepancies to be addressed."

OAC 317:35-5-42(b)(5)(A) states in part, "A lump sum payment may be considered as earned or unearned income, depending on the source of the lump sum payment. Lump sum payments may include, but are not limited to:
(vi) Lottery or gambling winnings;

Condition and Context: The Authority delegates OKDHS to determine eligibility for non-MAGI (modified adjusted gross income) recipients. OKDHS utilizes automated data exchange information obtained from other agencies to verify the information provided by recipients.

Office of Management and Enterprise Services – Information Services Division (OMES-ISD) runs scheduled data exchange jobs to gather the information from the various agencies for the Automated Caseload Evaluation System (ACES). The ACES system is a web-based application that gathers all available OKDHS data exchange information on a case, which is used by the Social Services Specialist to assist in determining Medicaid eligibility. The data exchange jobs are assigned to a coordinator who is responsible for seeing that the jobs are placed in the TWS (scheduling system) on the correct calendar with the date and time jobs are to run.

Details of the reports and the deviation noted are as follows:

DATA EXCHANGE JOB/TRANSMISSION JOB	OWNER	FREQUENCY	DEVIATION FROM SCHEDULED FREQUENCY
CA930BBD	SSA	Daily	October 12th 2020
CB060M	IRS	Monthly	January 2021
CB077M	IRS	Monthly	January 2021
CB077M	IRS	Monthly	March 2021

In addition, we also determined that OKDHS did not run any data exchange jobs with the Oklahoma Lottery Commission to determine eligibility.

Cause: The Authority lacked appropriate oversight over the data exchange jobs completed by OKDHS resulting in inadequate controls over the data exchange process to ensure jobs are ran at the frequency required.

Effect: Non-compliance with the Code of Federal Regulations (CFRs) and The Authority's Policy OAC 317:35-5-42 and OKDHS Policy OAC 340:65-3-4 (4), which could result in payment of Medicaid benefits to ineligible recipients.

Recommendation: To comply with the CFRs and The Authority's Policy OAC 317:35-5-42 and OKDHS Policy OAC 340:65-3-4 (4), we recommend the Authority review internal control policy and procedures over data exchange jobs and update as necessary to ensure they are operating effectively so that data exchange jobs are run at the frequently required and issues noted are addressed in a timely manner.

Views of Responsible Official(s)
Contact Person: Jeff Rosebeary (OHS): Ginger Clayton (OHCA)
Anticipated Completion Date: IRS – Completed; SSA - 12/31/2022
Corrective Action Planned: The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-028
STATE AGENCY: Oklahoma Health Care Authority (the Authority)/Oklahoma Department of Human Services (OKDHS)
FEDERAL AGENCY: United States Department of Health and Human Services
ALN: 93.767; 93.778
FEDERAL PROGRAM NAME: Children's Health Insurance Program; Medicaid Cluster
FEDERAL AWARD NUMBER: 2005OK5021 and 2105OK5021; 2005OK5MAP and 2105OK5MAP
FEDERAL AWARD YEAR: 2020 and 2021
CONTROL CATEGORY: Eligibility
QUESTIONED COSTS: $0

Criteria: 42 CFR §431.10(c)(2) states, "The Medicaid agency may delegate authority to make eligibility determinations or to conduct fair hearings under this section only to a government agency which maintains personnel standards on a merit basis."

42 CFR §431.10(c)(3)(ii) states in part, "The Medicaid agency must exercise appropriate oversight over the eligibility determinations and appeals decisions made by such agencies ..."

42 CFR §435.917(a) states in part, "Notice of eligibility determinations. Consistent with §§431.206 through 431.214 of this chapter, the agency must provide all applicant and beneficiaries with timely and adequate written notice of any decision affecting their eligibility, including an approval, denial, termination or suspension of eligibility, or a denial or change in benefits and services."

42 CFR §431.211 states in part "The State or local agency must send a notice at least 10 days before the date of action…"

42 CFR §433.400(c)(2)(iii) states, "For beneficiaries not described in paragraph (c)(2)(i) or (ii) of this section, the state must continue to provide at least the same level of medical assistance as was provided as of or after March 18, 2020."

CMS-9912 Interim Final Rule with Comment Factsheet on Updated Policy for Maintaining Medicaid Enrollment during the Public Health Emergency for COVID-19 states "In states claiming the temporary FMAP increase, a beneficiary's Medicaid enrollment may be terminated prior to the first day of the month after the PHE for COVID-19 ends if:

- The beneficiary requests a voluntary termination of eligibility;
- The beneficiary dies;
- The beneficiary ceases to be a resident of the state; or
- The beneficiary was not validly enrolled"

Additionally, a component objective of generally accepted accounting principles is to provide accurate and reliable information.

Condition and Context: The Authority and OKDHS lacked internal controls of providing accurate and reliable information regarding the process of notifying applicants and beneficiaries of any decisions affecting their eligibility.

We tested a non-statistical sample of 72 Medicaid cases and 72 CHIP cases that were closed during the year and reviewed the case record documentation maintained at OHCA for Medicaid eligibility.

Medicaid

- For 5 (7%) of the 72 cases testes, members services were reduced for circumstances during PHE other than:
    - The beneficiary requests a voluntary termination of eligibility;
    - The beneficiary dies;
    - The beneficiary ceases to be a resident of the state;
    - The beneficiary was not validly enrolled on March 18, 2020

CHIP

- For 5 (7%) of 72 cases tested no notification of termination of benefits were sent.

The Authority delegates OKDHS to determine eligibility for non-MAGI (modified adjusted gross income) recipients. We tested a non-statistical sample of 72 cases that were closed during the year and reviewed the case record documentation maintained at OKDHS for Medicaid eligibility.

- For 3 (4.2%) of 72 cases tested the case was closed for circumstances during the PHE other than:
    - The beneficiary requests a voluntary termination of eligibility;
    - The beneficiary dies;
    - The beneficiary ceases to be a resident of the state;
    - The beneficiary was not validly enrolled on March 18, 2020
- For 2 (2.8%) of 72 cases tested the case was closed and reopened with no lapse in benefit but was reopened untimely.
- For 31 (43%) of 72 cases tested no notification of termination of benefits were sent.
- For 1 (1%) of 72 cases tested the notification was not sent in advance (10 days) prior to termination of benefits.

Cause: OHCA lacked adequate internal controls and appropriate processes to ensure clients received advanced (when applicable) notifications of a termination of benefits and to only reduce services on cases outlined 42 CFR §433.400 paragraph (c)(2)(i) or (ii).

OKDHS lacked adequate internal controls and appropriate processes to ensure clients received advanced (when applicable) notifications of a termination of benefits and to close only those cases outlined in CMS-9912.

Effect: Non-compliance with the Code of Federal Regulations (CFRs) and CMS guidance (CMS-9912) on maintaining Medicaid Enrollment during the Public Health Emergency for COVID-19, which could result in the termination of the temporary FMAP increase.

Recommendation: To comply with the CFRs and CMS guidance (CMS-9912) we recommend OHCA and OKDHS review internal control policy and procedures over decisions affecting an applicant or beneficiaries' eligibility, including the termination of benefits to align with CMS-9912 and the advanced (when applicable) notification of termination of benefits.

Views of Responsible Official(s)
Contact Person: Jeff Rosebeary (OHS); Ginger Clayton (OHCA)
Anticipated Completion Date: OHS August 19, 2022, and October 15, 2022; OHCA August 4, 2022
Corrective Action Planned: The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-029
STATE AGENCY: Oklahoma Department of Human Services
FEDERAL AGENCY: United States Department of Health and Human Services
ALN: 93.558
FEDERAL PROGRAM NAME: Temporary Assistance for Needy Families
FEDERAL AWARD NUMBER: G1801OKTANF G1901OKTANF G2001OKTANF G2101OKTANF
FEDERAL AWARD YEAR: 2018, 2019, 2020 & 2021

CONTROL CATEGORY: Reporting
QUESTIONED COSTS: $0

Criteria: 45 CFR §75.303 states, "The non-Federal entity must:(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)."

Form ACF-196R Line-Item Instructions for Line 19 (DDSD Family Support Payments) state in part "The non-Federal entity should report DDSD Family Support expenditures for programs that provide sex education or abstinence education and family planning services to individuals, couples, and families in an effort to reduce out-of-wedlock pregnancies. Includes expenditures related to comprehensive sex education or abstinence programs for teens and pre-teens."

Condition and Context: When comparing the TANF reconciliation of SFY 2021 TANF expenditures to supporting documentation, we noted Line 19 (DDSD Family Support) expenditures reported do not agree. Therefore TANF Reconciliation/supporting worksheet, that links the ACF-196R report to accounting records, does not agree to the ACF-196R report.

Cause: OKDHS does not have adequate processes in place to ensure the Line 19 (DDSD Family Support) expenditures reported on the ACF-196R report are independently reviewed for accuracy and completeness.

Effect: Line 19 (DDSD Family Support) expenditures reported on the ACF-196R report may be incorrect and/or incomplete.

Recommendation: We recommend OKDHS implement procedures to ensure an independent review for accuracy and completeness of all aspects of the ACF-196R report occurs.

Views of Responsible Official(s)
Contact Person: Chris Smith
Anticipated Completion Date: Immediate
Corrective Action Planned: The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-037
STATE AGENCY: Oklahoma Department of Human Services
FEDERAL AGENCY: United States Department of Agriculture
ALN: 10.542 & 10.551
FEDERAL PROGRAM NAME: Pandemic EBT Food Benefits (P-EBT); SNAP Cluster
FEDERAL AWARD NUMBER: N/A
FEDERAL AWARD YEAR: 2020 & 2021
CONTROL CATEGORY: Reporting
QUESTIONED COSTS: $0

Criteria: GAO Standards for Internal Control in the Federal Government (Green Book), Principle 13 – Use of Quality Information states in part, "13.05 Management processes the obtained data into quality information that supports the internal control system. This involves processing data into information and then evaluating the processed information so that it is quality information. Quality information meets the identified information requirements when relevant data from reliable sources are used. Quality information is appropriate, current, complete, accurate, accessible, and provided on a timely basis. Management considers these characteristics as well as the information processing objectives in evaluating processed information and makes revisions when necessary, so that the information is quality information…"

A basic objective of Generally Accepted Accounting Principles is to provide accurate, reliable, and timely information.

A component objective of an effective internal control system is to ensure accurate and reliable information through a proper review and approval process.

Condition and Context: Based upon testwork performed on the SNAP & P-EBT SEFA's, accounts payable was overstated by $25,180,493 on the SNAP SEFA and understated by $25,180,493 on the P-EBT SEFA.

Cause: DHS was initially unaware the P-EBT program had a different ALN than 10.551 (SNAP Benefits). However, after learning there was a separate ALN, the reported accounts payable balances were not properly reviewed for accuracy prior to submission.

Effect: The Department did not report the correct A/P balance for P-EBT & SNAP.

Recommendation: We recommend the Department develop policies and procedures to ensure the accounts payable balance is properly reviewed and approved prior to submission. We further recommend DHS correct the SFY21 P-EBT & SNAP SEFA's to reflect the correct accounts payable amount.

Views of Responsible Official(s)
Contact Person: Chris Smith
Anticipated Completion Date: 9/16/2022
Corrective Action Planned: The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-040
STATE AGENCY: Oklahoma Department of Human Services
FEDERAL AGENCY: United States Department of Health and Human Services
ALN: 93.558
FEDERAL PROGRAM NAME: Temporary Assistance for Needy Families
FEDERAL AWARD NUMBER: 1801OKTANF; 2001OKTANF (MOE); 2101OKTANF (MOE)
FEDERAL AWARD YEAR: 2018; 2020 (MOE); 2021 (MOE)
CONTROL CATEGORY: Activities Allowed/Unallowed; Allowable Costs/Cost Principles; Maintenance of Effort (MOE); Reporting
QUESTIONED COSTS: $1,240,100 ($346,236 Federal; $893,864 MOE)

Criteria: 2 CFR §200.303(a) states in part, "The non-Federal entity must a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)."

Form ACF-196R Instructions for Line 20A (Family Support/Family Preservation/Reunification Services) indicate this line should report costs for "Community-based services, provided to families involved in the child welfare system that are designed to increase the strength and stability of families so children may remain in or return to their homes. These services may include respite care for parents and relative caregivers; individual, group, and family counseling; parenting skills classes; case management; etc."

Additionally, a component objective of generally accepted accounting principles is to provide accurate and reliable information.

Condition and Context: We requested the detailed data supporting the $8,537,345 reported on line 20 of the ACF-196R reports for SFY21. An excel file was provided that had been used in the calculation of the applicable percentage rate to be applied to cost pool 612 (location codes 03063, 03064, 03066, 06088, and 03099) and reported on the ACF-

196R. Our analysis noted irregularities within the excel file: five lines totaling $2,155,136.40 were hidden within four of the supporting tabs in the workbook. The breakdown of the five lines are as follows:

Workbook Tab	Line #	Amount
Region 2	240	$196,432.11
Region 3	92	$326,357.22
Region 4	332	$441,008.32
Region 5	249	$488,336.77
Region 5	335	$703,001.98

Each of the five lines appeared to have been an exact copy of the line just above or below, with only the total amount and TANF dollar amount being changed to significantly larger dollar amounts. Each line was hidden from view within the worksheets. These amounts were then included in the calculation that determined 49.43% would be used as the applicable multiplier for cost pool 612. The product of this calculation was reported as TANF federal and MOE expenditures on the ACF-196R reports submitted during SFY21.

We followed up with agency personnel and requested support for these five hidden line items. We were provided a second excel workbook to support line 20 of the ACF-196R. Agency personnel also explained they were unsure of where the calculation errors occurred, and that there were discrepancies and the applicable percentage should have been 42.25% rather than 49.43%.

We compared the second file with the first file received and noted both files had the same creation date (7/26/21); however, the first file contained 27 lines, including the 5 hidden lines, that were not present in the second file received. The 5 hidden lines made up the majority of the dollar variance between the two files, which totaled $2,237,826.03.

Cause: Modifications were made to the workbook utilized for support of line 20 of the ACF-196R and these modifications were not detected on supervisory review.

Effect: Expenditures on line 20 of the SFY21 ACF-196R reports and the SFY21 GAAP Package Z (SEFA Report) were overstated. Federal expenditures from the 2018 grant were overstated by $346,236 and MOE for the 2020 and 2021 grants was overstated by $893,864. Additionally, it appears reimbursement for the $346,236 federal overstated amount was drawn from the 2018 TANF federal award.

Recommendation: We recommend OKDHS management revise both the SFY21ACF-196R and GAAP Package Z to correctly report the TANF expenditure totals. We also recommend that any amount overdrawn from the 2018 TANF grant be returned. Additionally, we recommend that OKDHS management design and implement additional internal controls to avoid modifications to be made without detection in the future.

Views of Responsible Official(s)
Contact Person: Chris Smith
Anticipated Completion Date: Adjustments and corrections to cost allocation, the ACF-196 and grants management (draws and reporting) for CFDA 93.558 GY2018 was performed in the QE June 2022.
Corrective Action Planned: The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-046 (Repeat #2020-057)
STATE AGENCY: Department of Human Services
FEDERAL AGENCY: Department of Health and Human Services
ALN: 93.558
FEDERAL PROGRAM NAME: Temporary Assistance for Needy Families
FEDERAL AWARD NUMBER: G1801OKTANF
FEDERAL AWARD YEAR: 2018
CONTROL CATEGORY: Eligibility

QUESTIONED COSTS: $0

Criteria: 45 CFR 264.1(a)(1) states: "Subject to the exceptions in this section, no State may use any of its Federal TANF funds to provide assistance (as defined in §260.31 of this chapter) to a family that includes an adult head-of-household or a spouse of the head-of-household who has received Federal assistance for a total of five years (i.e., 60 cumulative months, whether or not consecutive)."

45 CFR 264.1(c) states: "States have the option to extend assistance paid for by Federal TANF funds beyond the five-year limit for up to 20 percent of the average monthly number of families receiving assistance during the fiscal year or the immediately preceding fiscal year, whichever the State elects. States are permitted to extend assistance to families only on the basis of:
(1) Hardship, as defined by the State; or (2) The fact that the family includes someone who has been battered, or subject to extreme cruelty based on the fact that the individual has been subjected to: (i) Physical acts that resulted in, or threatened to result in, physical injury to the individual; (ii) Sexual abuse; (iii) Sexual activity involving a dependent child; (iv) Being forced as the caretaker relative of a dependent child to engage in nonconsensual sexual acts or activities; (v) Threats of, or attempts at, physical or sexual abuse; (vi) Mental abuse; or (vii) Neglect or deprivation of medical care."

OAC 340:10-1-4 states: "Both federal and state laws specify that assistance is available to those persons who meet certain conditions of eligibility. Receipt of Temporary Assistance for Needy Families has been restricted to a lifetime limit of 60 months, whether consecutive or not, effective October 1, 1996. The time limit can be extended when a hardship extension has been approved."

OAC INSTRUCTIONS TO STAFF 340:10-3-56 5.(c)(1) states: "When the client meets all other eligibility factors and requests a hardship extension, the worker and applicant complete and sign Part I of Form 08TW024E, Extension Request for Temporary Assistance for Needy Families (TANF), during the face-to-face interview."

OAC INSTRUCTIONS TO STAFF 340:10-3-56 5.(d)(2)(B) states: "The client's signature date on Form 08TW024E is used as the hardship extension request application date. Action is not taken on the hardship extension request until AFS TANF staff reaches a decision"

OAC INSTRUCTIONS TO STAFF 340:10-3-56 5.(f)(1) & (2) states: (1) "When the client requests an additional extension, the worker and client complete and sign Part 1 of Form 08TW025E, Extension Review/Disposition. The worker gives Form 08AD092E to the client when additional supporting documentation is needed." (2) "The worker emails TANF@okdhs.org to request a hardship extension, attaches Form 08TW025E, and images any supporting documentation to the case record. AFS TANF staff reviews the request, completes Part II of Form 08TW025E approving or disapproving the request, and sends Form 08TW025E and all submitted information to the worker."

Condition and Context: When testing 12 of the 120 TANF cases receiving benefits for more than sixty months, we noted the following:

- Form 08TW024E was not present in the case file documenting approval of a hardship for extension of benefits prior to benefits being awarded for five cases (41.67%).
- Form 08TW025E was not present in the case file documenting approval of a hardship for extension of benefits prior to benefits being awarded for two cases (16.67%).

Cause: Controls in place are not adequate to ensure OKDHS policies and procedures that require the worker and applicant to complete and sign Part I and Part II of Form 08TW024E, Extension Request for Temporary Assistance for Needy Families or Part I and Part II of Form 08TW025E, Extension Review/Disposition are consistently followed by staff.

Effect: The Department is not in compliance with the above stated internal policies, which may result in ineligible individuals receiving TANF benefits.

Recommendation: We recommend the Department strengthen internal controls designed to ensure staff follow established policy and procedures addressing the completion, approval, adequate documentation, and retention of request for TANF hardship extensions.

Views of Responsible Official(s)
Contact Person: Paulette Kendrick
Anticipated Completion Date: 09/30/2022
Corrective Action Planned: The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-049
STATE AGENCY: Department of Human Services
FEDERAL AGENCY: Department of Health and Human Services
ALN: 93.558
FEDERAL PROGRAM NAME: Temporary Assistance for Needy Families
FEDERAL AWARD NUMBER: G1801OKTANF
FEDERAL AWARD YEAR: 2018
CONTROL CATEGORY: Special Tests and Provisions – Penalty for Failure to Comply with Work Verification Plan
QUESTIONED COSTS: $0

Criteria: 45 CFR 261.62(a)(2) states: "To ensure accuracy in the reporting of work activities by work-eligible individuals on the TANF Data Report and, if applicable, the SSP–MOE Data Report, each State must establish and employ procedures for determining how to count and verify reported hours of work.

45 CFR 261.61(b) states: "For an employed individual, the documentation may consist of, but is not limited to pay stubs, employer reports, or time and attendance records substantiating hours of participation. A State may presume that an employed individual participated for the total number of hours for which that individual was paid.

45 CFR 261.61(c) states: "The State must document all hours of participation in an activity; however, if a State is reporting projected hours of actual employment in accordance with §261.60(c), it need only document the hours on which it bases the projection."

Additionally, a component objective of generally accepted accounting principles is to provide accurate and reliable information.

Condition and Context: Based on procedures performed on 55 out of 22,380 reporting months, we noted two (3.64%) reporting months where the work participation hours reported to HHS were not documented, verified, or reported in accordance with the State's Work Verification Plan. Form 08TW013E or pay stubs were not present in the case file documenting part time employment work participation hours for one reporting month and Form 08TW013E and the ETPAI screen on the OKDHS Mainframe documents more GED education participation hours than were reported on the ACF-199 report for one reporting month.

Cause: Controls in place were not implemented to ensure accuracy of the data used in calculating work participation rates.

Effect: Inaccurate data may have been used to calculate work participation rates.

Recommendation: We recommend the Department implement internal controls in place to ensure accuracy in the reporting of work activities by work-eligible individuals on the TANF Data Report. Also, we recommend the Department ensure that documentation of the work participation hours is maintained in the case records.

Views of Responsible Official(s):
***Contact Person*:** Paulette Kendrick
Anticipated Completion Date: September 30, 2022

Corrective Action Planned: The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-053 (Repeat #2020-033)
STATE AGENCY: Oklahoma Department of Human Services (OKDHS)
FEDERAL AGENCY: Department of Health and Human Services
ALN: 93.558
FEDERAL PROGRAM NAME: Temporary Assistance for Needy Families
FEDERAL AWARD NUMBER: G1801OKTANF; G2001OKTANF; G2101OKTANF
FEDERAL AWARD YEAR: 2018, 2020, 2021
CONTROL CATEGORY: Maintenance of Effort
QUESTIONED COSTS: $0

Criteria: 45 CFR §75.303 states, "The non-Federal entity must a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)."

According to Title 45 CFR §263.2, "What kinds of State expenditures count toward meeting a State's basic MOE expenditure requirement? (a) Expenditures of State funds in TANF or separate State programs may count if they are made for the following types of benefits or services:…(3) Education activities designed to increase self-sufficiency, job training, and work (see §263.4);…(b) With the exception of paragraph (a)(4)(ii) of this section, the benefits or services listed under paragraph (a) of this section count only if they have been provided to or on behalf of eligible families."

Title 45 CFR §263.4 states, "When do educational expenditures count? (a) Expenditures for educational activities or services count if: (1) They are provided to eligible families (as defined in §263.2(b)) to increase self-sufficiency, job training, and work; and (2) They are not generally available to other residents of the State without cost and without regard to their income. (b) Expenditures on behalf of eligible families for educational services or activities provided through the public education system do not count unless they meet the requirements under paragraph (a) of this section."

According to the intergovernmental agreement between DHS and the Oklahoma State Regents for Higher Education (OSRHE), "In accordance with this agreement, a 20% match to the Block Grant funding expended by DHS for post-secondary/vocational training programs at local colleges will be provided through OSRHE or local college funds and/or in-kind contributions. In lieu of transfer of matching funds from OSRHE or Local Col1eges to DHS, OSRHE will identify the specific amount of matching funds ascertained and that are available for DHS to use as the non-federal share of Block Grant expenditures." Additionally, "the purpose of this agreement is to set forth a process designed to provide post-secondary/vocational education skills (and/or other necessary skills) needed to gain employment for eligible recipients in the DHS TANF WORK program.

Condition and Context: Adequate review of the recipients receiving post-secondary/vocational education needed to gain employment through the OKDHS TANF Work program was not performed to ensure qualified expenditures used to meet MOE requirements were made on behalf of TANF eligible families that received the educational and training activities during SFY 2021. For a sample of 16 of 152 cases, we noted five cases (31.25%) where the case was not recorded as being placed in a TANF Work activity on the DSD Mainframe ETE screen and no documentation was found in the case file for the student's attendance of education activities at one of the OSRHE colleges during SFY 2021.

Cause: OKDHS does not have adequate processes in place to ensure OSRHE educational and training expenditures are for educational and training activities provided to only TANF eligible families that received the educational and training activities during SFY 2021.

Effect: OSRHE education and training expenditures reported as TANF MOE may not have been made to, or on behalf of, TANF eligible families during SFY 2021.

Recommendation: We recommend the agency design and implement internal controls and develop written policies and procedures to ensure any OSRHE education and training expenditures utilized as TANF MOE have been made to, or on behalf of, TANF eligible families during the period the expenditures were reported.

Views of Responsible Official(s):
Contact Person: Paulette Kendrick
Anticipated Completion Date: September 30, 2022
Corrective Action Planned: The Department of Human Services partially agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-059 (Repeat #2020-058)
STATE AGENCY: Oklahoma Department of Human Services
FEDERAL AGENCY: United States Department of Agriculture
AL NO: 10.551
FEDERAL PROGRAM NAME: SNAP Cluster
FEDERAL AWARD NUMBER: N/A
FEDERAL AWARD YEAR: 2020 & 2021
CONTROL CATEGORY: Special Tests and Provisions - EBT Card Security
QUESTIONED COSTS: $0

Criteria: The Government Accountability Office (GAO) Standards for Internal Control in the Federal Government 10.10 states "Transaction control activities are actions built directly into operational processes to support the entity in achieving its objectives and addressing related risks. "Transactions" tends to be associated with financial processes (e.g., payables transactions), while "activities" is more generally applied to operational or compliance processes. For the purposes of this standard, "transactions" covers both definitions. Management may design a variety of transaction control activities for operational processes, which may include verifications, reconciliations, authorizations and approvals, physical control activities, and supervisory control activities."

7 CFR § 274.41(a)(1)(i) states in part "State Agencies shall reconcile their issuances daily using daily tally sheets, cashiers' daily reports, tapes or printouts."

According to OKDHS' Electronic Payments Handbook,

- "At the end of each day, the unused (EBT) cards will be returned to inventory, signed in by the EBT Specialist, and initialed by the County Director or designee."
- "an office may need to get card blanks from a sister office to be able to provide cards to clients until their order is received. This should be the exception and not the rule, but if that happens, there should be a written record from both offices as to the transfer of card blanks so that the inventory of both offices is correct."
- "Cards returned by mail or dropped off at the county office must be properly logged and shredded under the following procedures … 3) The card log and the cards will be provided to the supervisor for audit. The supervisor will ensure the cards have been logged and deactivated. 4) The two staff will then conduct the destruction of the cards received. Each staff must sign the log confirming the count, status change (if active) and destruction."

7 CFR §274.8(b)(3) states in part "As an addition to or component of the Security Program required of Automated Data Processing systems prescribed under § 277.18(m) of this chapter, the State agency shall ensure that the following EBT security requirements are established: … **(i)** Storage and control measures to control blank unissued EBT cards and PINs, and unused or spare POS devices."

Best practice includes the security of Electronic Benefit Transaction (EBT) cards, which includes the security of the cards themselves as well as the security of the keys to the cards, the daily reconciliation of EBT cards, deactivation of an EBT card prior to destruction, and dual sign-off confirming EBT card destruction.

Condition and Context:
Based on procedures performed on 72 of 107,706 EBT cards on the card issuance logs from SFY 2021 we noted:

- 72 (100%) of the EBT cards issued to clients were not supported with records indicating the receipt of the card by the client.

Based on procedures performed on 11 (2 during our walk through + 9 during testwork) of 31 closed county office locations, we noted:

- Five locations (1 during walk through + 4 during testwork) (45.45%) where there was no written record of the transferred EBT cards from both offices as outlined in the EBT Handbook.
- One location (1 during testwork) where the EBT card inventories from the closing county office to the receiving county office did not match.

Based on procedures performed on 72 of 7,565 EBT cards on DHS destruction logs from SFY 2021 we noted:

- Seven (9.72%) of the EBT cards were still active after the destruction process.
- One (1.39%) of the EBT cards destroyed was not supported by a dual sign-off to confirm destruction.

Based on procedures performed at 8 of 40 county office locations, we noted:

- Four (50%) offices did not keep keys to the EBT card inventory secured.
- Five (62.50%) offices did not maintain the EBT cards in a secure office location where access is restricted to designated staff (three of these offices also did not keep keys to the EBT card inventory secured – see above bullet).
- Eight (100%) offices' inventory logs did not support that the inventory count was performed by two individuals at the end of each day.
- Two (25%) offices where the EBT inventory did not tie to the email request.

Cause: Internal controls are not in place to ensure OKDHS policies and procedures related to the inventory accounting, security, and destruction process of EBT cards are not consistently followed by field employees.

Effect: EBT cards are at risk of improper use leading to misuse or misappropriation of Supplement Nutrition Assistance Program (SNAP) benefits.

Recommendation: We recommend DHS implement internal controls to ensure policies and procedures related to inventory accounting, security, and the destruction process of the cards are consistently followed and updated. Additionally, we recommend DHS provide training to staff regarding these policies and procedures. We further recommend management implement procedures to monitor the county office locations for compliance with these policies and procedures throughout the year.

Views of Responsible Official(s)
Contact Person: Thomas Pennington
Anticipated Completion Date: Changes to the issuance and destruction logs were made on 6/7/2021. Training is underway and ongoing throughout SFY 2023.
Corrective Action Planned: The Department of Human Services partially agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-062
STATE AGENCY: Oklahoma Department of Human Services
FEDERAL AGENCY: United States Department of Health and Human Services
ALN: 10.542
FEDERAL PROGRAM NAME: Pandemic EBT Food Benefits (P-EBT)
FEDERAL AWARD NUMBER: N/A

FEDERAL AWARD YEAR: 2020 & 2021
CONTROL CATEGORY: Reporting
QUESTIONED COSTS: $0

Criteria: 45 CFR §75.303(a) states in part, "The non-Federal entity must a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)."

Additionally, a component objective of generally accepted accounting principles is to provide accurate and reliable information.

Condition and Context: The amount of P-EBT issuances reported on the FNS-46, FNS-292 & FNS-388 do not trace to supporting documentation. Based on the support provided by DHS, the FNS-46 & FNS-388 were both understated by $108,174,898, and the FNS-292 was understated by $26,541,861.

Cause: The reported P-EBT issuance amounts were not properly reviewed for accuracy prior to submission.

Effect: The Department may not be reporting all the P-EBT benefits that were issued.

Recommendation: We recommend the Department develop policies and procedures to ensure issuance amounts on P-EBT reports are properly reviewed and approved prior to submission.

Views of Responsible Official(s)
Contact Person: Sondra Shelby and Jamey Hughes
Anticipated Completion Date: December 2021
Corrective Action Planned: The Department of Human Services partially agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-064
STATE AGENCY: Department of Human Services
FEDERAL AGENCY: Department of Health and Human Services
ALN: 93.558
FEDERAL PROGRAM NAME: Temporary Assistance for Needy Families
FEDERAL AWARD NUMBER: G1801OKTANF, G2001OKTANF and G2101OKTANF
FEDERAL AWARD YEAR: 2018, 2020, and 2021
CONTROL CATEGORY: Special Tests and Provisions – Child Support Non-Cooperation
QUESTIONED COSTS: $0

Criteria: 45 CFR Sec. 264.30 states *"*(a)(1) The State agency must refer all appropriate individuals in the family of a child, for whom paternity has not been established or for whom a child support order needs to be established, modified or enforced, to the child support enforcement agency (i.e., the IV-D agency). (2) Referred individuals must cooperate in establishing paternity and in establishing, modifying, or enforcing a support order with respect to the child. (b) If the IV-D agency determines that an individual is not cooperating, and the individual does not qualify for a good cause or other exception established by the State agency responsible for making good cause determinations in accordance with section 454(29) of the Act or for a good cause domestic violence waiver granted in accordance with § 260.52 of this chapter, then the IV-D agency must notify the IV-A agency promptly. (c) The IV-A agency (OKDHS) must then take appropriate action by: (1) Deducting from the assistance that would otherwise be provided to the family of the individual an amount equal to not less than 25 percent of the amount of such assistance; or (2) Denying the family any assistance under the program."

OAC 340:10-10-5(d) states "When the applicant or recipient is the natural or adoptive parent and fails or refuses to cooperate with OKDHS without good cause, the TANF benefit is reduced by 25 percent of the payment

standard shown on OKDHS Appendix C-1, Maximum Income, Resource and Payment Standards, Schedule IX, per 42 U.S.C. § 608(a)(2), for the next advance notice effective date."

OAC 340:10-10-5 2.(a) Instructions to Staff states in part "Child Support Services (CSS) staff makes the determination of non-cooperation, CSS staff updates the child support computer system to show an "O' in the "cooperation" field, the reason code in the "reason code" field, and the date non-cooperation is determined in the "non-cooperation date" field. The worker views cooperation status by entering CCPI space and the client's family group number (FGN). When the CCPI screen shows non-cooperation, the system: (1) automatically applies the 25 percent penalty."

Condition and Context: SAI staff made inquiry to OKDHS Adult and Family Services Information Services Division (AFS-ISD) regarding the TANF Child Support Non-Cooperation data. SAI was unable to obtain complete data for SFY 2021. It was disclosed to SA&I staff that the TANF Child Support Non-Cooperation files are incomplete and only ran for three months (7/1/2020 – 9/30/2020) during SFY 2021. The job that generated the reports was also tied to the process that closed medical cases for Child Support Non-Cooperation, since the CARES act prevented closure of Medicaid for any reason, the job was suspended due to COVID-19. According to TANF program management the penalty for TANF Child Support Non-Cooperation was temporarily discontinued by Oklahoma Child Support Services (OCSS) through the COVID pandemic. SAI staff then made inquiry to OCSS management regarding a federal directive for the suspension of the penalty for child support non-cooperation. OCSS management stated they did not receive a directive from their federal partners stating that child support non-cooperation should not be assessed during the COVID emergency and that the decision to temporarily discontinue the 25% penalty for child support non-cooperation was a decision made by OCSS.

Cause: Department management were unaware of TANF Child Support Non-Cooperation requirements were linked to Medicaid in the Oklahoma Child Support Services OSIS system and temporarily discontinued determining child support non-cooperation and therefore the 25% penalty for child support noncooperation was not applied.

Effect: The Department was not in compliance with the above stated requirement, which resulted in individuals receiving TANF benefits while not cooperating with Child Support Enforcement. According to the 2 CFR Part 200 Child Support Non-Cooperation Compliance Requirement HHS may penalize a State for up to 5% of the State Family Assistance Grant for failure to substantially comply with the required State child support program.

Recommendation: We recommend the Department ensure the determination of child support non-cooperation and the penalty for non-cooperation is suspended only when directed to do so by the federal awarding agency.

Views of Responsible Official(s)
Contact Person: Paulette Kendrick
Anticipated Completion Date: July 15, 2022
Corrective Action Planned: The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-065 (Repeat #2020-035)
STATE AGENCY: Department of Human Services
FEDERAL AGENCY: Department of Health and Human Services
ALN: 93.558
FEDERAL PROGRAM NAME: Temporary Assistance for Needy Families
FEDERAL AWARD NUMBER: G1801OKTANF, G2001OKTANF and G2101OKTANF
FEDERAL AWARD YEAR: 2018, 2020, and 2021
CONTROL CATEGORY: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, and Level of Effort
QUESTIONED COSTS: $26,231

Criteria: 45 CFR § 206.10(a)(1)(ii) states in part, "The agency shall require a written application, signed under a penalty of perjury, on a form prescribed by the State agency, from the applicant himself, or his authorized representative, or, where the applicant is incompetent or incapacitated, someone acting responsibly for him…"

OAC 340:65-3-1(a) states in part, "The eligibility determination process includes the applicant filing a signed application, the worker certifying or denying benefits, and all subsequent activities required to receive continuous benefits… "

OAC 340:65-1-3 states in part, "…The case record is the means used by OKDHS to document the factual basis for decisions."

OAC 340:65-1-3 Instructions to Staff states in part, "(a) Definition of Adult and Family Services (AFS) case records. The AFS electronic case record is an accumulation of imaged documents organized into packets based on case actions that document a client's eligibility for and receipt of benefits. The case record also includes all electronically maintained data associated with the same case number. For legal requirements and audit purposes, the Oklahoma Department of Human Services (DHS) retains case records for at least three years after all benefits included in the case close…"

OAC 340:65-3-8(e)(1)(A) states in part, "Benefit renewal interview requirements vary depending on the program. A face-to-face interview is required for the TANF program. The face-to-face interview may be conducted in the OKDHS office, at a home visit, or through a virtual video conference. When none of these options are feasible due to a hospitalization or other extenuating circumstance and the worker obtains prior approval from Adult and Family Services (AFS) TANF staff, a phone interview may be conducted at application or renewal."

OAC 340:65-3-8(b)(2) states in part, "A benefit renewal must be completed at 12-month intervals, unless an earlier renewal date is warranted, with a TANF recipient."

An effective internal control system provides for proper record retention to ensure that all information and transactions are accurately recorded and retained.

Condition and Context: In a sample of 60 of 7,691 TANF cases, we noted the following:

1. Fourteen case files did not contain documentation of an eligibility re-determination for benefits paid during SFY 2021 and benefits were not discontinued when the period of eligibility expired (Questioned Costs $21,594).
2. Five case files did not contain documentation of an eligibility determination for benefits paid during SFY 2021 and benefits were not discontinued when the period of eligibility expired (Questioned Costs $4,637).

Cause: Adequate internal controls are not in place to ensure initial determinations and redeterminations are properly performed and documented.

Effect: The Department is not in compliance with the above stated internal policies and federal program requirements, which may result in ineligible individuals receiving TANF benefits and cause the maintenance of effort expenditures to be overstated.

Recommendation: We recommend the Department follow policy and complete eligibility determinations and redeterminations for all TANF recipients as required and ensure benefits are discontinued when the period of eligibility expires. Also, we recommend the Department design and implement controls to ensure the determination and redetermination documentation is maintained in the case records.

Views of Responsible Official(s):
Contact Person: Paulette Kendrick
Anticipated Completion Date: September 30, 2022
Corrective Action Planned: The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-066 (Repeat #2020-036)
STATE AGENCY: Department of Human Services
FEDERAL AGENCY: Department of Health and Human Services

ALN: 93.558
FEDERAL PROGRAM NAME: Temporary Assistance for Needy Families
FEDERAL AWARD NUMBER: G1801OKTANF, G2001OKTANF and G2101OKTANF
FEDERAL AWARD YEAR: 2018, 2020, and 2021
CONTROL CATEGORY: Special Tests and Provisions – Child Support Non-Cooperation
QUESTIONED COSTS: $0

Criteria: 45 CFR Sec. 264.30 states *"*(a)(1) The State agency must refer all appropriate individuals in the family of a child, for whom paternity has not been established or for whom a child support order needs to be established, modified or enforced, to the child support enforcement agency (i.e., the IV-D agency). (2) Referred individuals must cooperate in establishing paternity and in establishing, modifying, or enforcing a support order with respect to the child. (b) If the IV-D agency determines that an individual is not cooperating, and the individual does not qualify for a good cause or other exception established by the State agency responsible for making good cause determinations in accordance with section 454(29) of the Act or for a good cause domestic violence waiver granted in accordance with § 260.52 of this chapter, then the IV-D agency must notify the IV-A agency promptly. (c) The IV-A agency must then take appropriate action by: (1) Deducting from the assistance that would otherwise be provided to the family of the individual an amount equal to not less than 25 percent of the amount of such assistance; or (2) Denying the family any assistance under the program."

OAC 340:65-1-3 states in part "…The case record is the means used by the Agency to document the factual basis for decisions."

OAC 340:65-1-3 Instructions to Staff states in part "(a) Definition of Adult and Family Services (AFS) case records. The AFS electronic case record is an accumulation of imaged documents organized into packets based on case actions that document a client's eligibility for and receipt of benefits. The case record also includes all electronically maintained data associated with the same case number. For legal requirements and audit purposes, the Oklahoma Department of Human Services (DHS) retains case records for at least three years after all benefits included in the case close…"

OAC 340:10-10-5(a) states in part "When the reason for deprivation is absence, each applicant or recipient of Temporary Assistance for Needy Families (TANF) must assign to Oklahoma Human Services (OKDHS) any support rights, including cash medical, that is pending or continuing for any family member included in the assistance unit as a condition of eligibility. This assignment **excludes** amounts ordered for past due or judgment amounts for persons who never received TANF prior to this application. For persons who previously received TANF, the assignment **includes** past due or judgment amounts previously assigned to OKDHS for the time period the applicant received TANF. Failure to assign support rights makes the assistance unit ineligible for TANF."

OAC 340:10-10-5(b) states in part "As a condition of TANF eligibility, each applicant or recipient, who is the natural or adoptive parent of the child(ren) included in the assistance unit, must cooperate with OKDHS in obtaining support for each child, per Section 608 of Title 42 of the United States Code (42 U.S.C. § 608). Failure of the applicant or recipient to cooperate without good cause may be indicated during the application interview or at any time further action by the recipient is necessary."

Condition and Context: Based on procedures performed on 60 out of 7,691 cases, we noted one case (1.67%) where no documentation could be found in the case file indicating the applicant was required to cooperate with the State in obtaining child support or requiring the applicant to assign the support rights to the State for benefits paid during SFY 2021.

Cause: Controls in place are not adequate to ensure the Oklahoma Department of Human Services (OKDHS) policies and procedures that require TANF applicants to assign to the OKDHS any support rights are consistently followed by staff.

Effect: The Department may not be following the above stated internal policies or adequate documentation was not retained in the file. This may result in ineligible individuals receiving TANF benefits or eligible individual's benefits not being reduced.

Recommendation: We recommend the Department strengthen internal controls designed to ensure staff follow policy and procedures to ensure TANF applicants assign to the Oklahoma Department of Human Services (OKDHS) any support rights or determine the assistance unit ineligible. Also, we recommend the Department ensure that documentation of the assignment of child support rights is maintained in the case records.

Views of Responsible Official(s)
Contact Person: Paulette Kendrick
Anticipated Completion Date: June 9, 2022
Corrective Action Planned: The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-067 (Repeat #2020-037)
STATE AGENCY: Department of Human Services
FEDERAL AGENCY: Department of Health and Human Services
ALN: 93.558
FEDERAL PROGRAM NAME: Temporary Assistance for Needy Families
FEDERAL AWARD NUMBER: G1801OKTANF, G2001OKTANF and G2101OKTANF
FEDERAL AWARD YEAR: 2018, 2020, and 2021
CONTROL CATEGORY: Special Tests and Provisions – Income Eligibility and Verification System
QUESTIONED COSTS: $0

Criteria: 2 CFR Part 200 Compliance Supplement Part 4 TANF Part N2 Compliance Requirement states in part, "Each state shall participate in the Income Eligibility and Verification System (IEVS) required by section 1137 of the Social Security Act as amended. Under the state plan the state is required to coordinate data exchanges with other federally assisted benefit programs, request and use income and benefit information when making eligibility determinations and adhere to standardized formats and procedures in exchanging information with other programs and agencies."

DHS Policy 340:65-3-4 (4) (A) states in part, "The worker is responsible for reviewing data exchange information at application and eligibility renewal."

DHS Policy 340:65-1-3 INSTRUCTIONS TO STAFF 1. (a) states in part, "Definition of Adult and Family Services (AFS) case records. The AFS electronic case record is an accumulation of imaged documents organized into packets based on case actions that document a client's eligibility for and receipt of benefits."

DHS Policy 340:65-1-3 INSTRUCTIONS TO STAFF 1. (b)(2) states, "The FACS system includes an Interview Notebook, an Eligibility Notebook, and FACS case notes. The worker uses FACS to process applications, renewals, and change actions, and FACS case notes for case documentation."

DHS Policy 340:65-1-3 INSTRUCTIONS TO STAFF 1. (b)(4)(D)(i) states in part, "Case notes must describe how initial eligibility, continuing eligibility, or ineligibility was determined, the verification used, and how income was calculated."

Condition and Context: In a sample of 60 of 7,691 TANF cases, we noted six cases (10.00%) where no income eligibility and verification system documentation was present in the electronic case record or FACS case notes for the period tested.

Cause: Controls in place are not adequate to ensure staff consistently follow OKDHS policies and procedures that require the worker to review data exchange information at application and eligibility renewal. The initial verification of income is a manual process performed by the social worker. This process was either omitted or not documented when determining eligibility.

Effect: The income used to determine a TANF applicant's eligibility may not be accurate which could allow for an ineligible recipient to receive benefits.

Recommendation: We recommend the Department strengthen internal controls designed to ensure staff follow established policy and procedures regarding the review of data exchange information at application and eligibility renewal. Also, we recommend the Department ensure that documentation is maintained to support income verification through data exchange was utilized in eligibility determination or re-determination.

Views of Responsible Official(s):
Contact Person: Paulette Kendrick
Anticipated Completion Date: September 30, 2022
Corrective Action Planned: The Department of Human Services partially agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-068
STATE AGENCY: Oklahoma Department of Human Services
FEDERAL AGENCY: United States Department of Health and Human Services
ALN: 93.558
FEDERAL PROGRAM NAME: Temporary Assistance for Needy Families
FEDERAL AWARD NUMBER: G1801OKTANF, G2001OKTANF and G2101OKTANF
FEDERAL AWARD YEAR: 2018, 2020, and 2021
CONTROL CATEGORY: Activities Allowed or Unallowed and Level of Effort
QUESTIONED COSTS: $0

Criteria: Title 45 CFR §263.2(b) states, "With the exception of paragraph (a)(4)(ii) of this section, the benefits or services listed under paragraph (a) of this section count only if they have been provided to or on behalf of eligible families. An ''eligible family'' as defined by the State, must: (1) Be comprised of citizens or noncitizens who: (i) Are eligible for TANF assistance; (ii) Would be eligible for TANF assistance, but for the time limit on the receipt of federally funded assistance; or (iii) Are lawfully present in the United States and would be eligible for assistance, but for the application of title IV of PRWORA; (2) Include a child living with a custodial parent or other adult caretaker relative (or consist of a pregnant individual); and (3) Be financially eligible according to the appropriate income and resource (when applicable) standards established by the State and contained in its TANF plan.

The State of Oklahoma State Plan for Title IV-A of the Social Security Act Temporary Assistance for Needy Families (TANF) in the TANF Funded Programs section under Other TANF-Funded Services states in part, "Oklahoma utilizes the TANF block grant to fund several services and programs that meet one of the four TANF goals and which may be provided to families with incomes above the threshold for TANF cash assistance. Income eligibility for these services and programs is limited to families at or below 300% of the Federal Poverty Level (FPL) unless otherwise noted and Programs and Services that address Goals 3 and/or 4 of TANF do not have income limits unless otherwise noted." Noted for Child Welfare Services Non IV-E TANF goal 1 the description states "Services that are designed to promote and allow children to be cared for in their own home or the homes of relatives; as well as provide emergency assistance. Children receiving TANF, SNAP, Childcare or Sooner Care benefits at the time of service enrollment are automatically deemed eligible for this category."

OAC 340:75-13-61 Medical services to children in placement states in part, "Children in Oklahoma Department of Human Services (DHS) custody and out-of-home placements have fee-for service medical cases. The Oklahoma Health Care Authority pays for each medical service provided at the Medicaid allowable rate. The child welfare specialist: (3) applies for Medicaid for a child within five-business days of the child's removal from the home by entering the child's removal information into the Child Abuse and Neglect Information System (KIDS) Removal screen. (A) When the child's removal information is entered into the KIDS Removal screen, a KIDS assignment is generated to the custody specialist. (B) The KIDS assignment to the custody specialist is considered the referral for: (i) Title XIX medical benefits; and (ii) Title IV-E eligibility determination."

45 CFR §75.303 states, "The non-Federal entity must:(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in

compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)."

Condition and Context: We requested the detailed data supporting the $8,537,345 reported on line 20.a of the ACF-196R reports for SFY21. Based on conversation with OKDHS management, the detailed data represents CWS clients that are Medicaid eligible and automatically deemed eligible for TANF and is used in the calculation of the applicable percentage rate to be applied to CWS contracts expenditures to determine the amount funded by TANF. We performed procedures on a sample of 60 out of 1,444 CWS recipients in the detailed data to determine if they were Medicaid eligible by reviewing OKDHS KIDS removal screens documenting the period the child was removed from the home. We noted six (10.00%) CWS clients where the Child Abuse and Neglect Information System (KIDS) Removal screen did not contain information the child had been removed from the home during SFY 2021; these CWS clients do not appear to be Medicaid eligible and automatically deemed eligible for TANF.

- Five children did not contain documentation for the date the child was removed from the home.
- One child's removal end date was prior to SFY 2021.

Cause: Adequate internal controls are not in place or were not implemented to ensure that only allowable activities were charged to the TANF program.

Effect: Activities that were charged to the TANF program may not be allowable.

Recommendation: We recommend the Department design and implement controls to ensure information used in the calculation of the applicable percentage rate applied to CWS contracts expenditures to determine the amount charged to the TANF program is accurate and that only allowable activities are charged to the TANF program.

Views of Responsible Official(s)
Contact Person: Kevin Haddock
Anticipated Completion Date: 7/1/2021
Corrective Action Planned: The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-076
STATE AGENCY: Oklahoma Department of Human Services
FEDERAL AGENCY: United States Department of Health and Human Services
ALN: 93.558
FEDERAL PROGRAM NAME: Temporary Assistance for Needy Families
FEDERAL AWARD NUMBER: G1801OKTANF, G2001OKTANF and G2101OKTANF
FEDERAL AWARD YEAR: 2018, 2020, and 2021
CONTROL CATEGORY: Special Tests and Provisions – Income Eligibility and Verification System
QUESTIONED COSTS: $0

Criteria: 45 CFR §205.56 (a)(1)(i) states, "The State agency shall review and compare the information obtained from each data exchange against information contained in the case record to determine whether it affects the applicant's or the recipient's eligibility or the amount of assistance."

Condition and Context: Based on procedures performed on 5 out of 17 IEVS data exchange jobs, we noted one job (20.00%) that was not run as scheduled (monthly) during SFY 2021. There was no job history for the CB060M job for the month of January 2021.

Cause: The CB060M IEVS Data Exchange job was not run as scheduled or the job history was not maintained documenting the job was run as scheduled.

Effect: The Department may not be following the above stated requirement, which may result in ineligible individuals receiving TANF benefits.

Recommendation: We recommend the agency design and implement internal controls and develop written policies and procedures to ensure IEVS Data Exchange jobs are run as scheduled and documentation that supports when the jobs were run is maintained.

Views of Responsible Official(s)
Contact Person: Jeff Rosebeary
Anticipated Completion Date: Completed in March, 2022
Corrective Action Planned: The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-079 (Repeat #2020-038)
STATE AGENCY: Department of Human Services
FEDERAL AGENCY: Department of Health and Human Services
ALN: 93.575, 93.596 & 93.489
FEDERAL PROGRAM NAME: CCDF Cluster
FEDERAL AWARD NUMBER: G1901OKCCDF & G2001OKCCDF
FEDERAL AWARD YEAR: 2019 & 2020
CONTROL CATEGORY: Activities Allowed or Unallowed, Allowable Cost Principals, Eligibility
QUESTIONED COSTS: $54,092

Criteria: 45 CFR § 206.10(a)(1)(ii) states in part, "The agency shall require a written application, signed under a penalty of perjury, on a form prescribed by the State agency, from the applicant himself, or his authorized representative, or, where the applicant is incompetent or incapacitated, someone acting responsibly for him…"

OAC 340:65-3-1(a) states in part, "The process of determining eligibility includes the applicant filing a signed application, the worker certifying or denying benefits, and all subsequent activities required to receive continuous benefits…

Condition and Context: Based on procedures performed on a sample of 60 of 47,279 childcare cases, we noted;

- 7 of 60 (11.67%) childcare cases did not maintain an application for childcare benefits in the case file.
- 1 of 60 (1.67%) childcare cases contained an application that was not signed by the case worker.

Cause: Internal controls are not adequate to ensure initial determinations and redeterminations are properly documented and retained.

Effect: The Agency is not in compliance with the above stated internal policies and federal requirements, which may result in ineligible individuals receiving CCDF benefits.

Recommendation: We recommend the Department follow policy and complete eligibility determinations and redeterminations for all CCDF recipients as required. Also, we recommend the Department ensure the determination and redetermination documentation is maintained in the case records.

Views of Responsible Official(s)
Contact Person: Jenny Countess
Anticipated Completion Date: September 30, 2022
Corrective Action Planned: The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-088 (Repeat #2020-040)
STATE AGENCY: Department of Human Services
FEDERAL AGENCY: Department of Health and Human Services
ALN: 93.558

FEDERAL PROGRAM NAME: Temporary Assistance for Needy Families
FEDERAL AWARD NUMBER: G1801OKTANF, G2001OKTANF and G2101OKTANF
FEDERAL AWARD YEAR: 2018, 2020, and 2021
CONTROL CATEGORY: Special Tests and Provisions – Penalty for Refusal to Work
QUESTIONED COSTS: $0

Criteria: 45 CFR Sec. 261.14(a) states in part "If an individual refuses to engage in work required under section 407 of the Act, the State must reduce or terminate the amount of assistance payable to the family, subject to any good cause or other exceptions the State may establish..."

OAC 340:10-2-2(c) states in part "The worker must contact the individual to determine good cause…"

INSTRUCTIONS TO STAFF OAC 340:10-2-2 2.(c) states "When the worker is unable to reach the client by phone to schedule an interview, the worker may use Form 08AD092E, Client Contact and Information Request, to request contact."

INSTRUCTIONS TO STAFF OAC 340:10-2-2 2.(d) states "Family Assistance/Client Services (FACS) case notes must clearly document the worker's efforts to contact the client and, when contact is made, the client's reasons for failure to participate."

Condition and Context: For a sample of 60 of 420 case sanction or closure occurrences, we noted nine occurrences (15% of the sample) where effort to contact the individual and their refusal/failure to participate without good cause was not made or was not documented in the case file or the Family Assistance/Client Services (FACS) case notes.

Cause: Controls in place are not adequate to ensure OKDHS policies and procedures that require the worker contact individuals to determine good cause and document their efforts are consistently followed by staff.

Effect: The Department is not in compliance with the above stated policy, which may result in individuals not meeting TANF work participation requirement with good cause to be denied TANF benefits.

Recommendation: We recommend the Department strengthen internal controls designed to ensure staff follow established policy to 1) make every effort to contact individuals to determine good cause and document their efforts as required, and 2) ensure that documentation of their effort to contact individuals to determine good cause is maintained in the case records.

Views of Responsible Official(s)
Contact Person: Paulette Kendrick
Anticipated Completion Date: 06/09/2022
Corrective Action Planned: The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-089 (Repeat #2020-061)
STATE AGENCY: Department of Human Services
FEDERAL AGENCY: United States Department of Health and Human Services
ALN: 93.575, 93.596
FEDERAL PROGRAM NAME: CCDF Cluster
FEDERAL AWARD NUMBER: 2001OKCCDF and 2101OKCCDF
FEDERAL AWARD YEAR: 2020 and 2021
CONTROL CATEGORY: Special Tests and Provisions - Health and Safety Requirements
QUESTIONED COSTS: $0

Criteria: CFR 45 §98.41 Health and safety requirements states, in part, "(a) Each Lead Agency shall certify that there are in effect, within the State (or other area served by the Lead Agency), under State, local or tribal law, requirements (appropriate to provider setting and age of children served) that are designed, implemented, and enforced to protect

the health and safety of children. Such requirements must be applicable to childcare providers of services for which assistance is provided under this part. Such requirements, which are subject to monitoring pursuant to §98.42, shall:

(1) Include health and safety topics consisting of, at a minimum:

(i) The prevention and control of infectious diseases (including immunizations); with respect to immunizations, the following provisions apply:

(A) As part of their health and safety provisions in this area, Lead Agencies shall assure that children receiving services under the CCDF are age-appropriately immunized. Those health and safety provisions shall incorporate (by reference or otherwise) the latest recommendation for childhood immunizations of the respective State, territorial, or tribal public health agency.

(B) Notwithstanding this paragraph (a)(1)(i), Lead Agencies may exempt:

(*1*) Children who are cared for by relatives (defined as grandparents, great grandparents, siblings (if living in a separate residence), aunts, and uncles), provided there are no other unrelated children who are cared for in the same setting.

(*2*) Children who receive care in their own homes, provided there are no other unrelated children who are cared for in the home.

(*3*) Children whose parents object to immunization on religious grounds.

(*4*) Children whose medical condition contraindicates immunization.

(C) Lead Agencies shall establish a grace period that allows children experiencing homelessness and children in foster care to receive services under this part while providing their families (including foster families) a reasonable time to take any necessary action to comply with immunization and other health and safety requirements.

(*1*) The length of such grace period shall be established in consultation with the State, Territorial or Tribal health agency.

(*2*) Any payment for such child during the grace period shall not be considered an error or improper payment under subpart K of this part.

(*3*) The Lead Agency may also, at its option, establish grace periods for other children who are not experiencing homelessness or in foster care.

(*4*) Lead Agencies must coordinate with licensing agencies and other relevant State, Territorial, Tribal, and local agencies to provide referrals and support to help families of children receiving services during a grace period comply with immunization and other health and safety requirements;

(ii) Prevention of sudden infant death syndrome and use of safe sleeping practices;

(iii) Administration of medication, consistent with standards for parental consent;

(iv) Prevention and response to emergencies due to food and allergic reactions;

(v) Building and physical premises safety, including identification of and protection from hazards, bodies of water, and vehicular traffic;

(vi) Prevention of shaken baby syndrome, abusive head trauma, and child maltreatment;

(vii) Emergency preparedness and response planning for emergencies resulting from a natural disaster, or a man-caused event (such as violence at a child care facility), within the meaning of those terms under section 602(a)(1) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5195a(a)(1)) that shall include procedures for evacuation, relocation, shelter-in-place and lock down, staff and volunteer emergency preparedness training and practice drills, communication and reunification with families, continuity of operations, and accommodation of infants and toddlers, children with disabilities, and children with chronic medical conditions;

(viii) Handling and storage of hazardous materials and the appropriate disposal of bio contaminants;

(ix) Appropriate precautions in transporting children, if applicable;

(x) Pediatric first aid and cardiopulmonary resuscitation;

(xi) Recognition and reporting of child abuse and neglect, in accordance with the requirement in paragraph (e) of this section; and……."

OAC 340:110-3-11(a)(8) states in part, "Ongoing approvals by fire and health are required every two years."

OAC 340:110-1-9 (b) states, "Ongoing monitoring: During monitoring visits, the licensing staff observes the entire facility, including outdoor play space and vehicles used for transportation, if available. At or subsequent to each visit, licensing staff checks:

- (1) compliance with licensing regulations;

- (2) records for new staff including personnel sheets and compliance with background investigations per OAC 340:110-1-8.1;
- (3) personnel professional development records;
- (4) Oklahoma Department of Human Services (OKDHS) computer checks on applicable persons per OAC 340:110-1-8.1;
- (5) fire and health inspections within the last 24 months, (when) applicable;
- (6) Form 07LC092E, Insurance Verification, within the last 12 months, or posting of Form 07LC093E, Insurance Exception Notification; and
- (7) other documentation requiring renewal."

Instructions to Staff OAC 340:110-1-9(3) states, "Licensing staff: (1) documents observations and discussions on the appropriate monitoring checklists, enters the information from the monitoring checklists onto the licensing database, provides copies of the monitoring summary to the program's owner/operator and files the original in the program's file in the local Oklahoma Department of Human Services (OKDHS) office."

2 CFR 200.333 states, "Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditures report, or for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient."

Condition and Context: We noted the following for a sample of 72 of 1,585 daycare centers and homes:

- 72 centers/homes (100%) for which we could not determine that monitoring checklists were adequately documented in relation to compliance with the health and safety requirements.
- 13 centers/homes (18.06%) where the fire extinguisher was expired but was not noted as non-compliant.
- 13 centers/homes (18.06%) where no carbon monoxide test date was noted, and no non-compliance was noted.
- 3 centers/homes (4.16%) where the fire inspector visits were not up to date.
- 8 centers/homes (11.11%) where the health inspection was not up to date.
- 1 center/home (1.39%) closed during our audit period; however, no visits were made before closure. We determined that since the center closed on 12/10/21 and their MFP was 3, that sites visits could have been properly met.
- 1 center/home (1.39%) where the driver safety training had expired, an no non-compliance was noted.
- 2 centers/homes (2.78%) where the annual insurance was expired but was not noted as non-compliant.
- 1 center/home (1.39%) where the fire and tornado drills were not completed, and no non-compliance was noted.
- 1 center/home (1.39%) where the first aid training & water testing had expired and was not noted as non-compliant.
- 3 centers/homes (4.16%) where the pet vaccinations were not up to date but was not noted as non-compliant.
- 3 centers/homes (4.16%) where the annual Equipment Inventory and Physical Environment Check lists were not completed and was not noted as non-compliant.
- 41 centers/homes (56.94%) for which the number of visits were not performed according to the Monitoring Frequency Plan (MFP), and no Covid-19 contact log was made. In addition, we were unable to verify if there would have been non-compliance to be followed up on.

During walk-through of the monitoring checklist software application in the prior year, we observed a drop-down box containing the requirements applicable to each header. When non-compliance was noted during monitoring, the monitoring specialist would mark the corresponding requirement in the drop-down box as well as "NC" beside the header. However, we noted that if 'NC' is not marked in the header, the non-compliance will not be carried forward to the monitoring summary report that is reviewed and signed by the center/home administrator and the monitoring specialist.

In addition, we could not determine that the tracking mechanism for monitoring visits is consistently used to ensure that all daycare facilities and homes are monitored in accordance with their applicable Monitoring Frequency Plan (MFP) or that follow-up takes place when non-compliance is noted. Work plan reports are generated in the Child Care

Monitoring Administration and Safety System (CCMASS) to assist with tracking monitoring visits, pending complaints, and Star review visits to be conducted; however, these are not retained by the licensing specialist, so we were unable to verify their use.

Cause: Monitoring checklists and summary reports are not sufficiently designed to allow a reviewer to see what has been observed. Additionally, a uniform system to track monitoring visits and non-compliance follow-up has been designed, but the Agency does not require monitors to use it.

Effect: The agency is not in compliance with the above stated requirements. If health and safety requirements are not met at each home/center, children in these facilities are at risk for illness and injury. Further, the lack of a required comparison back to the work plan reports could potentially result in inadequate facility monitoring.

Recommendation: We recommend the agency implement procedures to ensure all monitoring visits are documented in a manner that clearly conveys all health and safety requirements were reviewed for the facility. In addition, we recommend training be provided to all monitoring staff to ensure all monitoring visits are performed in a consistent manner and are adequately documented. Further, we recommend the importance of the use of the work plan report and the retention of these real time documents be emphasized to all staff.

Views of Responsible Official(s)
Contact Person: Dione Smith
Anticipated Completion Date: 3/1/2023
Corrective Action Planned: The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-099 (Repeat #2020-053)
STATE AGENCY: Oklahoma Department of Human Services
FEDERAL AGENCY: Department of Human Services
ALN: 93.658
FEDERAL PROGRAM NAME: Foster Care – Title IV-E
FEDERAL AWARD NUMBER: 2001OKFOST and 2101OKFOST
FEDERAL AWARD YEAR: 2020 and 2021
CONTROL CATEGORY: Subrecipient Monitoring
QUESTIONED COSTS: $0

Criteria: 45 CFR §75.303(a) states in part "The non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)."

Per 2 CFR 200.1 - Subaward means an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. *A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.*

Per 2 CFR section 200.332 Requirements for pass-through entities states in part "All pass-through entities must:
(a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:
(1) Federal award identification.
(i) Subrecipient name (which must match the name associated with its unique entity identifier);
(ii) Subrecipient's unique entity identifier;

(iii) Federal Award Identification Number (FAIN);
(iv) Federal Award Date (see the definition of *Federal award date* in § 200.1 of this part) of award to the recipient by the Federal agency;
(v) Subaward Period of Performance Start and End Date;
(vi) Subaward Budget Period Start and End Date;
(vii) Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient;
(viii) Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current financial obligation;
(ix) Total Amount of the Federal Award committed to the subrecipient by the pass-through entity;
(x) Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
(xi) Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity;
(xii) Assistance Listings number and Title; the pass-through entity must identify the dollar amount made available under each Federal award and the Assistance Listings Number at time of disbursement;
(xiii) Identification of whether the award is R&D; and
(xiv) Indirect cost rate for the Federal award (including if the de minimis rate is charged) per § 200.414.

(2) All requirements imposed by the pass-through entity on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award;

(b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors as:
(1) The subrecipient's prior experience with the same or similar subawards;
(2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F of this part, and the extent to which the same or similar subaward has been audited as a major program;
(3) Whether the subrecipient has new personnel or new or substantially changed systems; and
(4) The extent and results of Federal awarding agency monitoring (*e.g.,* if the subrecipient also receives Federal awards directly from a Federal awarding agency)."

Condition and Context: For our sample of two of the ten SFY 21 Foster Care subrecipients, we noted the following exceptions related to award identification requirements:

- Two of two (100%) subawards did not contain the subrecipient's unique entity identifier, federal award identification number, federal award date, subaward period of performance, identification as to whether the award is for research and development, and the indirect cost rate for the award (including if the de minimis rate is charged).
- Two of two (100%) subawards did not include all requirements imposed by the pass-through entity on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award.
- Two of two (100%) subrecipients did not have a current subaward on file.
- Two of two (100%) subrecipients did not have a current subaward contract on file.

In our audit review of the ten SFY21 Foster Care subrecipients, we noted two of ten (20%) subrecipients did not receive a risk assessment.

When evaluating the design and implementation of internal controls we noted OKDHS has no documentation of their review of claims for the SFY21 Foster Care subrecipients.

Cause: This is a prior year audit finding dating back to SFY2017; DHS management showed no corrective action has been implemented to address identifying the award and applicable requirements or monitoring as required in 2 CFR 200.332.

Effect: OKDHS is not in compliance with the monitoring requirements for this program. Therefore, subrecipients may not be spending federal funds in accordance with program requirements.

Recommendation: We recommend OKDHS further modify its subrecipient agreements and related documentation to ensure all required award identification is provided. Additionally, we recommend OKDHS perform risk assessments on all subrecipients to determine the level of monitoring necessary. Lastly, we recommend OKDHS perform and document review of subrecipients financial and performance reports to ensure OKDHS can assess subrecipient compliance with program requirements and achievements of performance goals.

Views of Responsible Official(s)
Contact Person: Kevin Haddock
Anticipated Completion Date: March 31, 2023
Corrective Action Planned: The Department of Human Services partially agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

Auditor Response: Although the two subrecipients were new in SFY21, a risk assessment would still be required to determine the level of monitoring necessary of each subrecipient. The fact the subrecipients are new to the Foster Care program would increase their risk. Further, if the subrecipients received an audit in the prior year, DHS can ask to view this audit as part of their risk assessment process.

FINDING NO: 2021-100
STATE AGENCY: Oklahoma Department of Human Services
FEDERAL AGENCY: Department of Health and Human Services
ALN: 93.659
FEDERAL PROGRAM NAME: Adoption Assistance
FEDERAL AWARD NUMBER: 2001OKADPT & 2101OKADPT
FEDERAL AWARD YEAR: 2020 & 2021
CONTROL CATEGORY: Eligibility
QUESTIONED COSTS: $271,075.76

Criteria: 45 CFR §75.303 states, "The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)."

42 USC §671(a)(20) states in part, "In order for a State to be eligible for payments under this part, it shall have a plan approved by the Secretary which (A) provides procedures for criminal records checks, including fingerprint-based checks of national crime information databases, for any prospective foster or adoptive parent… (B) provides that the State shall (i) check any child abuse and neglect registry maintained by the State for information on any prospective foster or adoptive parent and on any other adult living in the home…"

42 USC 675(3) states, "The term "adoption assistance agreement" means a written agreement, binding on the parties to the agreement, between the State agency, other relevant agencies, and the prospective adoptive parents of a minor child which at a minimum (A) specifies the nature and amount of any payments, services, and assistance to be provided under such agreement…"

OAC 340:75-15-128.1 Difficulty of care (DOC) states in part, "The DOC descriptions set out in DHS Appendix C-20 are guidelines from which the most appropriate DOC rate is determined for the eligible child… (C) required updated documentation annually to establish a child's ongoing DOC eligibility."

OAC 340:75-15-128.5 (e) states in part, "When adoption assistance continues for more than one year, DHS: (2) mails Form 04AN014E, Adoption Assistance Annual Review, annually to the adoptive parent to complete and return within the time requirement specified on the form."

Condition and Context: We noted the following for a sample of 60 of 18,228 adoption assistance case files:

- 24 cases (40.00%) for which the adoption application was not adequately reviewed per DHS procedure.
- 16 cases (26.67%) for which the required eligibility determination and documentation of a criminal background check and search of Joshua's list, Oklahoma's child abuse and neglect registry, were not retained in the file.
- 1 case (1.67%) for which the age and difficulty of care (DOC) used to determine the benefit amount in our data did not agree to the supporting documentation in the file.
- 11 cases (18.33%) for which the negotiated subsidy amount in the file did not agree with the amount that was recorded in the AS400 system (which ties directly to the KIDS system).
- 33 cases (55.00%) for which the case did not have an Annual Review Letter in the case file and adoption assistance had continued for more than one year.

Cause: The agency's internal controls were not effective to ensure adequate supervision or review of case files to ensure all required actions occurred and required documentation is retained within the files.

Effect: The agency is not in compliance with all program requirements. Necessary documentation and forms could be missed without a second level of review by management. If criminal records and child abuse registries are not checked, children could be placed in a home with an imminent safety threat. The case worker could reduce assistance payments if the age and DOC are not properly documented and if the most current negotiated subsidy amount is not in the case file; or a case worker could suspend or stop assistance payments for not having an Annual Review Letter in the case file.

Recommendation: We recommend that DHS strengthen internal controls to ensure all required actions occur and required documentation is retained within the case files. In addition, we recommend training be provided to staff to ensure they are aware of and understand the applicable policies and procedures for adoption assistance.

Views of Responsible Official(s)
Contact Person: Kevin Haddock
Anticipated Completion Date: 10/31/2022
Corrective Action Planned: The Department of Human Services partially agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

Auditor Response: OKDHS response indicates that there are at least two reviews as outlined in the approved control narrative, one at the Post Adoption level and at least one at the Eligibility Determination level. Although the agency's forms have changed over the years the provided documentation did not indicate that all areas of the background and registry checks were completed. There are many forms of documentation within the Adoption Assistance files noting the negotiated amount of the subsidy, such as the Adoption Assistance Annual Review. With the foster care rate increase effective July 1, 2018, the negotiated amount of the SFY 2021 paid subsidy would be in the file. OKDHS agrees that they are not following OAC 340:75-15-128.5 (e) and should put procedures in place so that Oklahoma policy is followed. Additionally, based on the agency responses, it is apparent that SAI was not provided with the complete case files for the sampled cases. Instead, SAI was provided with selected items from the electronic case record. This prohibits SAI from being able to effectively audit when not provided with the entire set of records requested.

FINDING NO: 2021-101
STATE AGENCY: Oklahoma Department of Human Services
FEDERAL AGENCY: Department of Health and Human Services
ALN: 93.658
FEDERAL PROGRAM NAME: Foster Care – Title IV-E
FEDERAL AWARD NUMBER: 2001OKFOST & 2101OKFOST
FEDERAL AWARD YEAR: 2020 & 2021
CONTROL CATEGORY: Eligibility
QUESTIONED COSTS: $221,267.21

Criteria: 45 CFR §75.303 states, "The Non-Federal entity must:(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)."

42 USC §671(a)(20) states in part, "In order for a State to be eligible for payments under this part, it shall have a plan approved by the Secretary which … (B)provides that the State shall (i) check any child abuse and neglect registry maintained by the State for information on any prospective foster or adoptive parent and on any other adult living in the home… ."

OAC 340:75-13-13(2) Relationship to Aid to Families with Dependent Children (AFDC) states in part, "The Title IV-E determination is made based on the child's circumstances in the month of the child's removal from the home and up to the point of removal. The child must have been categorically related to the AFDC program using the AFDC rules in effect as of July 16, 1996, per OKDHS:10-1-1. To qualify for Title IV-E, a child is: … (D) the household's countable income must be below the 1996 AFDC need standard."

OAC 340:75-7-53(b) states in part, "DOC rates and descriptions. DOC reimbursements are provided for the eligible child in addition to the foster care maintenance or adoption assistance payment, per DHS Appendix C-20, Child Welfare Service Rates Schedule."

OAC 340:75-13-17(a) states, "Title IV-E eligibility is re-determined: (1) no less than 12 months from the date of the most recent court order used to establish or maintain Title IV-E eligibility; …."

OAC 340:75-7-94(a) Annual Update. states, "The resource family assessment is updated annually from the resource home's approval date in KIDS."

Condition and Context: We noted the following for a sample of 60 of 6,385 foster care case files:

- 6 cases (10%) for which the documentation supporting the eligibility determination/redetermination was not retained in the case file.
- 5 cases (8.33%) for which the difficulty of care (DOC) used to determine the benefit amount in our data did not agree to the supporting documentation in the file.
- 1 case (1.67%) for which the required foster home eligibility documents were not present in the case file.
- 39 cases (65%) for which the required redetermination of the foster home was not performed within twelve months after the license effective date and the home being determined eligible.

Cause: The agency's internal controls were not effective to ensure adequate supervision or review of case files to ensure all required actions occurred and required documentation is retained within the files.

Effect: The agency is not in compliance with the above stated requirements. The agency could reduce assistance payments if a child's income level is not properly determined/redetermined. The case worker could reduce assistance payments if the age and DOC are not properly documented in the case file. A child could be placed in a home with an imminent safety threat if child abuse registries and background checks are not reviewed during initial eligibility determination and annual review.

Recommendation: We recommend DHS strengthen internal controls to ensure all required actions occur and required documentation is retained withing the case files. In addition, we recommend training be provided to staff to ensure they are aware of and understand the applicable policies and procedures for foster care assistance.

Views of Responsible Official(s) .
Contact Person: Kevin Haddock
Anticipated Completion Date: 12/31/2022

Corrective Action Planned: The Department of Human Services partially agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

Auditor Response: Original documentation was not provided to State Auditor's Office to show that an eligibility determination was performed at the time of the eligibility review. Title IV-E Foster Care Eligibility Review Guide may mention that determinations can be made after the fact even if the original determination was found in error, a several year gap after the fact would not be appropriate. We agree that the DOC determinations may not have any bearing on the determination of eligibility for a child or the foster parents, the DOC does have a bearing on the amount of the agreed upon subsidy payment, which we were not able to verify due to not being provided documentation. Due to checklist not being properly completed we were unable to confirm that all abuse and neglect registries were checked. We agree that the agency did not follow Oklahoma policy in performing redeterminations timely and that the agency should improve their processes to comply with Oklahoma policy. Additionally, based on the agency responses, it is apparent that SAI was not provided with the complete case files for the sampled cases. Instead, SAI was provided with selected items from the electronic case record. This prohibits SAI from being able to effectively audit when not provided with the entire set of records requested.

FINDING NO: 2021-106
STATE AGENCY: Oklahoma Department of Human Services
FEDERAL AGENCY: United States Department of Agriculture
ALN: 10.565, 10.568, 10.569
FEDERAL PROGRAM NAME: Food Distribution Cluster
FEDERAL AWARD NUMBER: N/A
FEDERAL AWARD YEAR: 2021
CONTROL CATEGORY: Reporting
QUESTIONED COSTS: $216,427

Criteria: 45 CFR §200.303(a) states in part "The non-Federal entity must a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)."

Additionally, a component objective of generally accepted accounting principles is to provide accurate and reliable information.

Condition and Context: Based on testwork performed on the SFY 2021 Schedule of Expenditures of Federal Awards (SEFA) applicable to the Food Distribution Cluster, we noted that program expenditures were calculated incorrectly.

Cause: Expenditures reported under the Food Distribution Cluster for SFY 2021 included commodities that were received outside of the fiscal year due to an improper review of commodity records being performed

Effect: Food Distribution Cluster expenditures were overstated by $216,427.07.

Recommendation: We recommend the Agency reviews its procedures and provide additional training to its subrecipients to ensure only commodities received during the reporting period are included in the reported totals. Additionally, a proper review process should be established to ensure that only commodities received during the SFY are included on the SEFA.

Views of Responsible Official(s)
Contact Person: Gina Kazerooni
Anticipated Completion Date: Fiscal Year 2022
Corrective Action Planned: The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-107
STATE AGENCY: Oklahoma Department of Human Services (OKDHS)
FEDERAL AGENCY: Department of Health and Human Services
ALN: 93.667
FEDERAL PROGRAM NAME: Social Services Block Grant
FEDERAL AWARD NUMBER: 2001OKSOSR
FEDERAL AWARD YEAR: 2020
CONTROL CATEGORY: Reporting
QUESTIONED COSTS: $0

Criteria: 45 CFR §75.303 states, "The non-Federal entity must:(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)."

42 U.S.C § 1397e (c) State **reports on expenditure and use of social services funds** states, "Each report prepared and transmitted by a State under subsection (a) of this section shall set forth (with respect to the fiscal year covered by the report)—
(1) the number of individuals who received services paid for in whole or in part with funds made available under this subchapter, showing separately the number of children and the number of adults who received such services, and broken down in each case to reflect the types of services and circumstances involved.
(2) the amount spent in providing each such type of service, showing separately for each type of service the amount spent per child recipient and the amount spent per adult recipient.
(3) the criteria applied in determining eligibility for services (such as income eligibility guidelines, sliding fee scales, the effect of public assistance benefits, and any requirements for enrollment in school or training programs); and
(4) the methods by which services were provided, showing separately the services provided by public agencies and those provided by private agencies, and broken down in each case to reflect the types of services and circumstances involved.

Condition and Context: While performing testing on the FFY20 SSBG Post-Expenditure report, we noted the total participants reported on the Post-Expenditure report was overstated by one participant when compared to the combined Adult Protective Services (APS) and Child Welfare Services (CWS) spreadsheet totals.

Additionally, while performing testing a sample of 60 of 21,102 CWS/APS participants claimed on the FFY20 SSBG Post-Expenditure report, we noted;

- *4 (6.67%) APS cases were closed because eligibility could not be established.*
- *3 (5%) APS cases were closed due to an inability to locate the alleged victim*

Cause: The Agency experienced staff retirement and COVID19 time constraints which limited their ability to segregate duties. Additionally, during the preparation of the FFY20 SSBG Post-Expenditure report the header row of the Child Welfare Services was included in the total count resulting in an inaccurate reported total on the report. The report was not reviewed and approved by someone independent of the preparation process. Also, APS did not have a proper screening unit in place for their referrals until March 15, 2021, which limited their ability to detect and screen referrals that did not qualify for services.

Effect: The performance report was inaccurate and incomplete.

Recommendation: We recommend that the Agency segregate the duties of SSBG Post-Expenditure report preparation and review. We further recommend DHS adequately document the independent review. We also recommend that APS implement a screening process for referrals to ensure only those individuals who were eligible and received services are included in the number of participants on the Post Expenditure Report.

Views of Responsible Official(s)

Contact Person: Reza Zeinalpour and Chris Smith
Anticipated Completion Date: Effective 7/01/2021
Corrective Action Planned: The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-110 (Repeat #2020-086)
STATE AGENCY: Oklahoma Department of Human Services (OKDHS)
FEDERAL AGENCY: Department of Health and Human Services
ALN: 93.667
FEDERAL PROGRAM NAME: Social Services Block Grant
FEDERAL AWARD NUMBER: G-2101OKSOSR
FEDERAL AWARD YEAR: 2021
CONTROL CATEGORY: Activities Allowed or Unallowed, Allowable Costs/Cost Principles
QUESTIONED COSTS: $0

Criteria: According to 2 CFR Part 200, Appendix XI, Part 4 applicable to the Social Services Block Grant, a State may transfer up to 10 percent of the combined total of the State family assistance grant, supplemental grant for population increases, and bonus funds for high performance and illegitimacy reduction, if any, (all part of TANF) for a given fiscal year to carry out programs under the SSBG. Such amounts may be used only for programs or services to children or their families whose income is less than 200 percent of the poverty level.

45 CFR §75.303 states, "The non-Federal entity must:(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)."

Condition and Context: In SFY 2021, the Oklahoma Department of Human Services (OKDHS) transferred $13,594,283.32 in TANF funds to the Social Services Block Grant (SSBG). As the basis for its methodology, OKDHS used the Random Moment Time Study (RMTS), a sampling method only approved for the purpose of allocating administrative expenditures to various grants in accordance with its Public Assistance Cost Allocation Plan (PACAP), to support that income thresholds related to TANF transfers to SSBG were met. The use of the RMTS methodology was not approved per the Agency's PACAP or established in its policies and procedures.

Cause: The Agency did not incorporate the methodology used to support TANF/SSBG transfers in its policies and procedures. Furthermore, the Agency did not include the methodology in its PACAP which is subject to approval by the Department of Health and Human Services (HHS).

Effect: New employees will not know how the amount transferred from TANF to SSBG is calculated. Further the Agency used the HHS approved RMTS methodology for purposes other than those documented in its approved PACAP without seeking the required approval by HHS.

Recommendation: We recommend the agency develop written policies and procedures identifying the methodology used to support income requirements applicable to the TANF transfers to SSBG. Furthermore, we recommend the agency include its methodology in the PACAP and obtain appropriate approval by HHS.

Views of Responsible Official(s)
Contact Person: Chris Smith
Anticipated Completion Date: 12/31/2022
Corrective Action Planned: The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-112
STATE AGENCY: Oklahoma Department of Human Services

FEDERAL AGENCY: United States Department of Agriculture
ALN: 10.565, 10.569
FEDERAL PROGRAM NAME: Food Distribution Cluster
FEDERAL AWARD NUMBER: N/A
FEDERAL AWARD YEAR: 2021
CONTROL CATEGORY: Subrecipient Monitoring
QUESTIONED COSTS: $0

Criteria: 45 CFR §75.303(a) states in part "The non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)."

Per 2 CFR section 200.332 states, All pass-through entities must:

(a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:

(xii) Assistance Listings number and Title; the pass-through entity must identify the dollar amount made available under each Federal award and the Assistance Listings Number at time of disbursement;

(b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors as:

(1) The subrecipient's prior experience with the same or similar subawards;
(2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F of this part, and the extent to which the same or similar subaward has been audited as a major program;
(3) Whether the subrecipient has new personnel or new or substantially changed systems; and
(4) The extent and results of Federal awarding agency monitoring (*e.g.,* if the subrecipient also receives Federal awards directly from a Federal awarding agency).

Condition and Context: In our audit review of two of the two (100%) SFY 21 Food Distribution Cluster subrecipients, we noted the following exceptions related to award identification requirements:

- Two of two (100%) subawards did not contain the Assistance Listing Numbers (ALN) for the program applicable to the subaward contract.

Also, in our audit review of the two SFY21 Food Distribution Cluster subrecipients, we noted a risk assessment was not performed on either (100%) subrecipient.

Cause: Management was unaware they needed to include the ALN on subaward contracts or perform risk assessments each year on their subrecipients.

Effect: OKDHS is not in compliance with all the subrecipient monitoring requirements for this program.

Recommendation: We recommend OKDHS modify its subrecipient agreements and related documentation to ensure the ALN is included. Additionally, we recommend OKDHS perform risk assessments on each subrecipient in order to determine the level of monitoring necessary.

Views of Responsible Official(s)
Contact Person: Gina Kazerooni

Anticipated Completion Date: Fiscal year 2023
Corrective Action Planned: The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

OKLAHOMA DEPARTMENT OF TRANSPORTATION

FINDING NO: 2021-017
STATE AGENCY: Oklahoma Department of Transportation
FEDERAL AGENCY: U.S. Department of Transportation
ALN: 20.509
FEDERAL PROGRAM NAME: Formula Grants for Rural Areas
FEDERAL AWARD NUMBER: OK-2017-023-05, OK-2018-023-03, OK-2019-025-03, OK-2020-021-02
FEDERAL AWARD YEAR: 2017, 2018, 2019, 2020
CONTROL CATEGORY: Subrecipient Monitoring
QUESTIONED COSTS: $0

Criteria: 2 CFR 1201.1 states, "Except as otherwise provided in this part, the Department of Transportation adopts the Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR part 200). This part supersedes and repeals the requirements of the Department of Transportation Common Rules (49 CFR part 18 - Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments and 49 CFR part 19 - Uniform Administrative Requirements - Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations), except that grants and cooperative agreements executed prior to December 26, 2014 shall continue to be subject to 49 CFR parts 18 and 19 as in effect on the date of such grants or agreements. New parts with terminology specific to the Department of Transportation follow."

2 CFR 200.332 states in part, "All pass-through entities must: … (b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section.…"

2 CFR 200.332 states in part, "All pass-through entities must: … (d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:

(1) Reviewing financial and performance reports required by the pass-through entity.
(2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and written confirmation from the subrecipient, highlighting the status of actions planned or taken to address Single Audit findings related to the particular subaward.
(3) Issuing a management decision for applicable audit findings pertaining only to the Federal award provided to the subrecipient from the pass-through entity as required by § 200.521. …"

2 CFR 200.332 states in part, "All pass-through entities must: … (f) Verify that every subrecipient is audited as required by Subpart F of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in § 200.501."

Condition and Context: While documenting the Oklahoma Department of Transportation's Office of Mobility and Public Transit's (OMPT) control processes and performing testwork related to subrecipient monitoring, we noted the following:

- The OMPT does not have an established process to evaluate the risk of noncompliance for its subrecipients. Program managers in OMPT appear to be unaware of the requirements to perform risk assessments on subrecipients.

- The 2 CFR 200 is very specific on the length of time the OMPT/Oklahoma Department of Transportation has to review audits and perform follow-up on corrective action. The OMPT has an Audit Status Tracking Sheet to track the subrecipient audits; however, the tracking sheet is not updated timely or monitored regularly to ensure that all audits are received or followed-up on by program staff. Through inquiry we were notified the Single Audit Tracking Sheet was not completed due to lack of staff and remote work during the height of the COVID-19 pandemic. We also noted each program manager is responsible for updating the information for their assigned subrecipients, with no oversight to ensure the updates occur.
- It is the responsibility of OMPT to know if the subrecipient expects to spend more than $750,000 in Federal funding for the year in order to ensure the subrecipient had the correct type of audit. Two of 20 subrecipients were identified in the Audit Status Tracking Sheet as needing a financial audit rather than a single audit; however, amounts reported in those financial audits indicate grant expenditures in excess of $750,000 and the OMPT did not follow-up to seek further clarification as to the source of the grant funding (Federal or State) and whether a single audit was actually required. The OMPT does not make inquiries with the subrecipients to determine if they anticipate spending more than $750,000 in Federal funds for the year.

Cause: Internal controls have not been designed and implemented to ensure compliance with all of the subrecipient monitoring requirements.

Effect: Because the OMPT is not performing risk assessments for subrecipients, monitoring of subrecipients is not designed to account for the level of noncompliance risk the subrecipient poses. If audits are not adequately tracked, the Oklahoma Department of Transportation cannot meet the imposed deadlines for follow-up. Because information regarding Federal expenditures is not sought, subrecipients may not obtain a required Single Audit.

Recommendation: We recommend that the OMPT develop and implement procedures to ensure subrecipient risk assessments are performed annually and follow-up by incorporating the assessed risk in the design and intensity of its monitoring activities. We recommend the OMPT inquire of subrecipients as to the Federal expenditures the subrecipient anticipates spending in the fiscal year and update the Single Audit Tracking Sheet with the current year's audit type. We further recommend the Single Audit Tracking Sheet is updated on a monthly basis to ensure all review/follow-up deadlines are met.

Views of Responsible Official(s)
Contact Person: Jared Schwennesen, Multi-Modal and Jennifer Hankins, Contract Compliance
Anticipated Completion Date: 9/30/2022, Multi-Modal Division – Single Audit Tracking Sheet and 12/31/2022, Contract Compliance Division Risk Assessment
Corrective Action Planned: The Department of Transportation agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-025
STATE AGENCY: Oklahoma Department of Transportation
FEDERAL AGENCY: U.S. Department of Transportation
ALN: 20.205
FEDERAL PROGRAM NAME: Highway Planning and Construction Cluster
FEDERAL AWARD NUMBER: N/A
FEDERAL AWARD YEAR: 2021
CONTROL CATEGORY: Subrecipient Monitoring
QUESTIONED COSTS: $0

Criteria: 2 CFR 1201.1 states, "Except as otherwise provided in this part, the Department of Transportation adopts the Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR part 200). This part supersedes and repeals the requirements of the Department of Transportation Common Rules (49 CFR part 18 - Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments and 49 CFR part 19 - Uniform Administrative Requirements - Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations), except that grants and cooperative agreements executed

prior to December 26, 2014 shall continue to be subject to 49 CFR parts 18 and 19 as in effect on the date of such grants or agreements. New parts with terminology specific to the Department of Transportation follow."

2 CFR §200.303 - *Internal controls* states in part, "The Non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award."

2 CFR §200.332 - *Requirements for pass-through entities* states in part, "All pass-through entities must:

(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:
   (1) Reviewing financial and performance reports required by the pass-through entity.
   (2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.
   (3) Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by §200.521 Management decision.

(f) Verify that every subrecipient is audited as required by Subpart F—Audit Requirements of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in §200.501 Audit requirements."

Condition and Context: While performing procedures to document the control processes for monitoring the activities of the subrecipient, it was determined that no processes were in place to determine whether recipients of Emergency Repair funding have expended over $750,000 and require a single audit.

Cause: The Oklahoma Department of Transportation has not designed and implemented internal controls to determine whether Emergency Repair subrecipients require a Single Audit. Further, no controls are in place to ensure that required Single Audits are received and reviewed, and timely follow-up on findings is performed.

Effect: Without a process to ensure subrecipients are effectively monitored, subrecipients and the Oklahoma Department of Transportation are at risk of being out of compliance with Federal statutes, regulations, and the terms and conditions for the Federal award.

Recommendation: We recommend the Oklahoma Department of Transportation review the current subrecipient processes and implement the necessary policies and procedures to ensure all subrecipients are monitored in accordance with the Grants Management requirements in 2 CFR §200.

Views of Responsible Official(s)
Contact Person: Jennifer Hankins, Contract Compliance Divisions Manager
Anticipated Completion Date: Implementation is ongoing
Corrective Action Planned: The Department of Transportation agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-044
STATE AGENCY: Oklahoma Department of Transportation
FEDERAL AGENCY: U.S. Department of Transportation
ALN: 20.509
FEDERAL PROGRAM NAME: Formula Grants for Rural Areas
FEDERAL AWARD NUMBER: OK-2017-023-05, OK-2018-023-03, OK-2019-025-03, OK-2020-021-02
FEDERAL AWARD YEAR: 2017, 2018, 2019, 2020
CONTROL CATEGORY: Part A/B - Activities Allowed or Unallowed, Allowable Costs/Cost Principles
QUESTIONED COSTS: $27,541

Criteria: 2 CFR 1201.1 states, "Except as otherwise provided in this part, the Department of Transportation adopts the Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR part 200). This part supersedes and repeals the requirements of the Department of Transportation Common Rules (49 CFR part 18 - Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments and 49 CFR part 19 - Uniform Administrative Requirements - Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations), except that grants and cooperative agreements executed prior to December 26, 2014 shall continue to be subject to 49 CFR parts 18 and 19 as in effect on the date of such grants or agreements. New parts with terminology specific to the Department of Transportation follow."

2 CFR §200.62, "Internal control over compliance requirements for Federal awards means a process implemented by a non-Federal entity designed to provide reasonable assurance regarding the achievement of the following objectives for Federal awards: (a) Transactions are properly recorded and accounted for, in order to: . . . (3) Demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award and (b) Transactions are executed in compliance with: (1) Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program. . . ."

2 CFR 200.403 (a) Factors affecting allowability of costs states, "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles."

2 CFR 200.431 (c) Compensation – fringe benefits states, . . . "Such benefits, must be allocated to Federal awards and all other activities in a manner consistent with the pattern of benefits attributable to the individuals or group(s) of employees whose salaries and wages are chargeable to such Federal awards and other activities, and charged as direct or indirect costs in accordance with the non-Federal entity's accounting practices."

A basic objective of Generally Accepted Accounting Principles is to provide accurate, reliable, and timely information.

Condition and Context: The Office of Management and Enterprise Services (OMES) informed agencies in February 2018 that any excess Pathfinder contributions (account code 513300 in the Statewide Accounting System) that went to the OPERS defined benefit plan would not be allowed to be charged to Federal grants. The Federal government maintains that the amount used to fund the defined benefit plan is an overcharge to Federal programs. As a result, OMES informed the agencies they would repay the unallowable costs from inception (state fiscal year 2016). However, any agencies charging Federal grants for the unallowable cost after that point would be required to repay on their own.

While determining whether any excess defined contributions were charged to the Formula Grants for Rural Areas grant, we noted $27,541 in Pathfinder (pension) cost were charged to the program during SFY 2021.

Cause: The Oklahoma Department Transportation does not have adequate controls in place to prevent charging the excess Pathfinder costs to federal grants.

Effect: The $27,541 in excess Pathfinder contributions overcharged to Federal programs are required to be reimbursed to the Federal agency.

Recommendation: We recommend the Oklahoma Department Transportation develop and implement procedures to ensure Pathfinder excess contributions (account 513300) are not charged to Federal grants.

Views of Responsible Official(s)
Contact Person: Sam Ddamba, Assistant Comptroller
Anticipated Completion Date: October 31, 2022
Corrective Action Planned: The Department of Transportation agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-051

STATE AGENCY: Oklahoma Department of Transportation
FEDERAL AGENCY: U.S. Department of Transportation
ALN: 20.205
FEDERAL PROGRAM NAME: Highway Planning and Construction Cluster
FEDERAL AWARD YEAR: 2021
CONTROL CATEGORY: Special Tests and Provisions – Quality Assurance Program (N1)

Criteria: Per 2 CFR 200.303, Internal Controls. "The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award…."

Per 23 CFR 637.205, "(a) Quality assurance program. Each STD shall develop a quality assurance program which will assure that the materials and workmanship incorporated into each Federal-aid highway construction project on the NHS are in conformity with the requirements of the approved plans and specifications, including approved changes. The program must meet the criteria in § 637.207 and be approved by the FHWA."

Per 23 CFR 637.207 Quality assurance program. "(a) Each STD's quality assurance program shall provide for an acceptance program and an independent assurance (IA) program consisting of the following: (1) Acceptance program. (i) Each STD's acceptance program shall consist of the following: (A) Frequency guide schedules for verification sampling and testing which will give general guidance to personnel responsible for the program and allow adaptation to specific project conditions and needs."

Per Quality Assurance Program, Appendix B - Guide to Independent Assurance Program. Frequency & Goals of Reviews & Evaluations states in part, "Qualified labs will be reviewed for equipment condition and calibration as well as a review of all documentation including the quality manual."

Per Quality Assurance Program – Materials Certification states in part, "A material certification will be prepared for each project by the Resident Engineer and will be submitted to the Construction Division, the Materials Division, and to the FHWA Division Office for projects that are subject to their oversight.

Condition and Context: While performing procedures to test the Oklahoma Department of Transportation's lab evaluations and materials certifications we noted the following:

- One of five (20%) lab evaluations selected for testing through random sampling was performed by and also reviewed/approved by the supervisor. For the entire year, the supervisor prepared 5 lab evaluations therefore we selected the remaining four evaluations performed and in every instance the supervisor was the reviewer as well. There were 58 lab evaluations performed during the year which results in 8.6% being performed and reviewed/approved by the same person.
- One of 45 (2.22%) materials certification letters were not signed and stamped by a registered professional engineer.

Cause: An alternate has not been assigned to review lab evaluations when the supervisor performs the evaluation. The materials certification letter was not reviewed or approved by a registered professional engineer.

Effect: The lack of segregation of duties for lab evaluations increases the possibility that an error on the lab evaluation will not be detected prior to submission. Deficiencies in materials may go unnoticed if the materials certification is not reviewed by a professional engineer.

Recommendation: We recommend the Oklahoma Department of Transportation assign an alternate to review lab evaluations when the supervisor performs the evaluation. We also recommend that the Construction and Materials Division verify that all materials certifications were reviewed/approved by a registered professional engineer before accepting and archiving the certification.

Views of Responsible Official(s)

Contact Person: Matt Romero, Materials Division Engineer and Shawn Davis, Director of Operations
Anticipated Completion Date: 8/17/2022
Corrective Action Planned: The Department of Transportation agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-058
STATE AGENCY: Oklahoma Department of Transportation
FEDERAL AGENCY: U.S. Department of Transportation
ALN: 20.509
FEDERAL PROGRAM NAME: Formula Grants for Rural Areas
FEDERAL AWARD NUMBER: OK-2017-023-05, OK-2018-023-03, OK-2019-025-03, OK-2020-021-02
FEDERAL AWARD YEAR: 2017, 2018, 2019, 2020
CONTROL CATEGORY: Reporting

Criteria: 2 CFR 1201.1 states, "Except as otherwise provided in this part, the Department of Transportation adopts the Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR part 200). This part supersedes and repeals the requirements of the Department of Transportation Common Rules (49 CFR part 18 - Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments and 49 CFR part 19 - Uniform Administrative Requirements - Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations), except that grants and cooperative agreements executed prior to December 26, 2014 shall continue to be subject to 49 CFR parts 18 and 19 as in effect on the date of such grants or agreements. New parts with terminology specific to the Department of Transportation follow."

2 CFR §200.303 - Internal controls states in part, "The Non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award."

2 CFR §200.502 (a), states in part, "*Determining Federal awards expended.* The determination of when a Federal award is expended must be based on when the activity related to the Federal award occurs."

2 CFR §200.510 (b), states in part, "*Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with §200.502 [*Basis for determining Federal awards expended*]…

(3) Provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available. For a cluster of programs also provide the total for the cluster.
(4) Include the total amount provided to subrecipients from each Federal program."

Condition and Context: We reviewed the Oklahoma Department of Transportation's State Fiscal Year (SFY) 2021 GAAP Package Z - Schedule Expenditures Federal Awards (SEFA) and noted that the cash basis expenditures and federal receivables for ALN #20.509 were understated by $4,330,393. The error was not detected during the Comptroller Division's review process.

After the SEFA was amended to correct the above noted errors for ALN #20.509, we noted:

- the regular grant cash basis expenditures were overstated by $5,274,135 and subrecipients expenditures were overstated $591,508,
- the Cares Act cash basis expenditures and subrecipient expenditures were both understated $4,925,165,
- the Covid 19 EMR cash basis expenditures were understated $64,623 and the subrecipient expenditures were understated $64,668.

The SEFA was subsequently amended to correct these errors.

Cause: When preparing the original SEFA, the Oklahoma Department of Transportation used revenue received during SFY 2021 as the basis to calculate cash basis expenditures; however, no revenue was received for the last two months

of SFY 2021 causing the omission of expenditures from May and June of 2021. During preparation of the amended SEFA, the Oklahoma Department of Transportation applied expenditures to the incorrect grants. The errors were not detected during the review of the SEFA.

Effect: Without a detailed review of the SEFA, the amounts reported may not be correct.

Recommendation: We recommend the Oklahoma Department of Transportation evaluate training needs for employees who prepare or review the SEFA to ensure they understand reporting elements on the SEFA and how the reporting elements relate to the Oklahoma Department of Transportation's expenditure or revenue data.

Views of Responsible Official(s)
Contact Person: Sam Ddamba, Assistant Comptroller and Robert Hackney, Project Finance Manager
Anticipated Completion Date: September 2, 2022
Corrective Action Planned: The Department of Transportation agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-077
STATE AGENCY: Oklahoma Department of Transportation
FEDERAL AGENCY: U.S. Department of Transportation
ALN: 20.205
FEDERAL PROGRAM NAME: Highway Planning & Construction
FEDERAL AWARD YEAR: 2021
CONTROL CATEGORY: Special Tests and Provisions - Contract Recoveries (N2)
QUESTIONED COSTS: $55,369

Criteria: 2 CFR 1201.1 states, "Except as otherwise provided in this part, the Department of Transportation adopts the Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR part 200). This part supersedes and repeals the requirements of the Department of Transportation Common Rules (49 CFR part 18 - Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments and 49 CFR part 19 - Uniform Administrative Requirements - Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations), except that grants and cooperative agreements executed prior to December 26, 2014 shall continue to be subject to 49 CFR parts 18 and 19 as in effect on the date of such grants or agreements. New parts with terminology specific to the Department of Transportation follow."

2 CFR 200.406(a) states, "Applicable credits refer to those receipts or reduction-of-expenditure-type transactions that offset or reduce expense items allocable to the Federal award as direct or indirect (F&A) costs. Examples of such transactions are: purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds or rebates, and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the non-Federal entity relate to allowable costs, they must be credited to the Federal award either as a cost reduction or cash refund, as appropriate."

2 CFR § 200.303(a) – *Internal Controls* states in part, "The Non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. …"

The Government Accountability Office (GAO) Standards for Internal Control in the Federal Government 10.03 states, in part, "Management designs appropriate types of control activities for the entity's internal control system. Control activities help management fulfill responsibilities and address identified risk responses in the internal control system. …"

The Government Accountability Office (GAO) Standards for Internal Control in the Federal Government 10.03, *Accurate and timely recording of transactions states*, "Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life

cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded."

Condition and Context: We selected 17 of 59 job piece (JP) related refunds received during SFY 2021 and noted the following:

- For 2 of the 17 (11.76%) JP related refunds, the Adjusting Transaction (AT) was not prepared, and the Federal share of the refund was not included as a credit in the weekly billing to Federal Highway Administration (FHWA).
- For 1 of the 17 (5.88%) JP related refunds, the AT was prepared and reviewed; however, the AT was not processed, causing the Federal share of the refund to not be included as a credit in the weekly billing to FHWA.

Refunds are credited to the project through an AT when it is processed in the Project Funding System (PFS). Weekly PFS reports are generated on the net disbursement amounts, which are used to calculate the amount to bill the FHWA each week. Further, the state share of the project is based on actual total expenditures in PFS when the project closes or has a change.

Cause: The Finance Unit within the Comptroller Division creates and processes the ATs after they receive the receipt information; for the 2 refunds that had no ATs, the receipt information was not communicated to the Finance Unit. The refund with an AT was a closed project that was not reopened to allow the AT to be processed in PFS. There was no mechanism in place to detect these omissions.

Effect: Since ATs were not processed for the 3 issues noted above, FHWA and the State of Oklahoma did not receive credit for the refund. The total amount of the refunds was $55,369. The Finance Unit processed the ATs after the omissions were discovered.

Recommendation: We recommend the Oklahoma Department of Transportation evaluate the procedures used to provide the Finance Unit with receipt information to determine where the breakdown in communication occurred and make the appropriate adjustments to the procedures to ensure the omission does not occur in the future. We also recommend the Finance Unit evaluate procedures for processing ATs to determine the adjustments needed in the process to ensure closed projects are processed.

Views of Responsible Official(s)
Contact Person: Eric Rose, Finance Supervisor and Robert Hackney, Project Finance Manager
Anticipated Completion Date: August 5, 2022
Corrective Action Planned: The Department of Transportation agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-082
STATE AGENCY: Oklahoma Department of Transportation
FEDERAL AGENCY: U.S. Department of Transportation
ALN: 20.509
FEDERAL PROGRAM NAME: Formula Grants for Rural Areas
FEDERAL AWARD NUMBER: OK-2017-023-05, OK-2018-023-03, OK-2019-025-03, OK-2020-021-02
FEDERAL AWARD YEAR: 2017, 2018, 2019, 2020
CONTROL CATEGORY: Activities Allowed/Unallowed and Allowable Cost/Cost Principles
QUESTIONED COSTS: $25,436

Criteria: 2 CFR 1201.1 states, "Except as otherwise provided in this part, the Department of Transportation adopts the Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR part 200). This part supersedes and repeals the requirements of the Department of Transportation Common Rules (49 CFR part 18 - Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments and 49 CFR part 19 - Uniform Administrative Requirements - Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations), except that grants and cooperative agreements executed

prior to December 26, 2014 shall continue to be subject to 49 CFR parts 18 and 19 as in effect on the date of such grants or agreements. New parts with terminology specific to the Department of Transportation follow."

2 CFR § 200.303 - *Internal controls* states in part, "The Non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)."

2 CFR § 200.430 - *Compensation - personal services* states in part,

"(a) *General*. Compensation for personal services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to wages and salaries.…Costs of compensation are allowable to the extent that they satisfy the specific requirements of this part, and that the total compensation for individual employees: …
(3) Is determined and supported as provided in paragraph (i) of this section, when applicable. …

(i) *Standards for Documentation of Personnel Expenses*
(1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:
(i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated."

Condition and Context: We noted the following during our testing of SFY 2021 payroll:

- 11 of 74 (14.86%) randomly sampled employee payroll claims tested included timesheets that were prepared by someone other than the employee. When signing the timesheet, employees are agreeing with the statement, "I certify that this record of my daily hours worked and vehicle usage is TRUE and CORRECT." Since someone other than the employee prepared and submitted the timesheet, this certification is invalid. The Oklahoma Mobility and Public Transit (OMPT) division has multiple grants and employees bill for the hours worked on each grant on their timesheet. Since the employee did not prepare their own timesheet, the time and program worked by the employee was not adequately certified.
- 4 of 74 (5.41%) randomly sampled employee payroll claims tested included timesheets that were prepared and approved by the same employee.

Cause: Inadequate internal controls allowed for timesheets to be prepared for employees when they should have been prepared by the employee themselves since they were available and able to prepare them at the required time. Additionally, the OMPT did not utilize a backup approver when the approvers themselves prepared the timesheets.

Effect: Without the employee certification on the timesheet, the time worked as well as the program the employee worked on is in question; therefore, $25,436 is a questioned cost. When there are inadequate segregation of duties and the same individual prepares and approves a timesheet, the risk of fraud and/or abuse increases.

Recommendation: We recommend that the Oklahoma Department of Transportation design and implement appropriate policies that state the circumstance in which an employee's timesheet can be prepared by a different individual. We further recommend backup approvers be utilized when the timesheet approver is also the preparer.

Views of Responsible Official(s)
Contact Person: Kyle Stevens, Manager of OMPT
Anticipated Completion Date: August 11, 2022
Corrective Action Planned: The Department of Transportation agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

FINDING NO: 2021-108
STATE AGENCY: Oklahoma Department of Transportation
FEDERAL AGENCY: U.S. Department of Transportation
ALN: 20.509

FEDERAL PROGRAM NAME: Formula Grants for Rural Areas and Formula Grants for Rural Areas Cares Act
FEDERAL AWARD NUMBER: OK-2017-023-05, OK-2018-023-03, OK-2019-025-03, OK-2020-021-02
FEDERAL AWARD YEAR: 2017, 2018, 2019, 2020
CONTROL CATEGORY: Activities Allowed/Unallowed; Allowable Cost/Cost Principles; Reporting; Subrecipient Monitoring
QUESTIONED COSTS: $5,033,204

Criteria: 2 CFR 1201.1 states, "Except as otherwise provided in this part, the Department of Transportation adopts the Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR part 200). This part supersedes and repeals the requirements of the Department of Transportation Common Rules (49 CFR part 18 - Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments and 49 CFR part 19 - Uniform Administrative Requirements - Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations), except that grants and cooperative agreements executed prior to December 26, 2014 shall continue to be subject to 49 CFR parts 18 and 19 as in effect on the date of such grants or agreements. New parts with terminology specific to the Department of Transportation follow."

2 CFR 200.303 - *Internal controls* states in part, "The Non-Federal entity must*:* (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award."

Per 2 CFR 200.1 "Improper Payment means: (1) Any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other *legally applicable* requirements. (i) Incorrect amounts are overpayments or underpayments that are made to eligible recipients (including inappropriate denials of payment or service, any payment that does not account for credit for applicable discounts, payments that are for an incorrect amount, and duplicate payments). An improper payment also includes any payment that was made to an ineligible recipient or for an ineligible good or service, or payments for goods or services not received (except for such payments authorized by law)."

Per 2 CFR 200.403(b), "Factors affecting allowability of costs. Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items."

Per 2 CFR 200.332(d) – "*Requirements for pass-through entities* states in part, All pass-through entities must: (d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include: (1) Reviewing financial and performance reports required by the pass-through entity."

Per 2 CFR 200.510(b)(4), "*Schedule of expenditures of Federal awards.* (b) The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502…. (4) Include the total amount provided to subrecipients from each Federal program."

Condition and Context: When testing the accounts payable for ALN #20.509 reported on the Oklahoma Department of Transportation's SFY2021 GAAP Package Z - Schedule Expenditures Federal Awards (SEFA), second revision, we noted:

- the regular grant's accounts payable was overstated $421,461 because it included the AP amounts of $383,972 for ALN #20.526 and $37,489 for ALN #20.528. These accounts payable amounts were not reported for either ALN #20.526 or #20.528.
- the Cares Act's accounts payable was overstated $5,033,204 due to improper payments (this amount is considered questioned costs).

Cause: The causes of the overstatements are:

- For the regular grant overstatements on ALN #20.509 - All grants handled by the Office of Mobility and Public Transportation (OMPT) division of the Oklahoma Department of Transportation are identified by job piece number in the system rather than by assistance listing. This requires the reporting unit to manually use a "CFDA correlation" workbook that acts as a crosswalk between job piece numbers and ALN (formerly CFDA numbers) to break down total OMPT expenditures into the proper grant. ALN #20.509, 20.526, and 20.528 are all OMPT grants. The reporting unit failed to breakdown OMPT expenditures during preparation of the SEFA and the oversight was not detected during review.
- For the Cares Act grant overstatements on ALN #20.509 - One subrecipient billed by year-to-date totals, which included the prior month's billings; however, in most instances the prior month's billings had already been paid. Further, because this was a new subrecipient, payment was delayed many months during the set-up process. This caused payments to be made for the same month(s) multiple times. The claim review process did not detect that the billing was on the year-to-date amount which resulted in overpayments.

Effect: The total accounts payable for ALN #20.509 was overstated by a total of $5,454,665. In addition, the Oklahoma Department of Transportation made improper payments for unallowable costs totaling $5,033,204.

Recommendation: We recommend the Oklahoma Department of Transportation:
- Ensure the reporting unit receives training on how to breakdown the OMPT expenditures into the proper assistance listing numbers to prevent the breakdown error from occurring in future reporting.
- Seek a refund of the $5,033,204 overpayment from the subrecipient and coordinate with the Federal Transit Authority (FTA) on the proper method of refunding FTA.
- Ensure the OMPT and the Comptroller Division receives training on how to review claims to ensure only the current amounts due are being approved and paid.

Views of Responsible Official(s)
Contact Person: Kyle Stevens, Manager of OMPT and Chelley Hilmes, Director of Finance
Anticipated Completion Date: September 19, 2022
Corrective Action Planned: The Department of Transportation agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

Auditor Response: In response to this finding, the Oklahoma Department of Transportation submitted a revised GAAP Package Z - SEFA form to remove the overstatements noted. The Statewide SEFA reflected in this report has been adjusted for this revision.

OKLAHOMA DEPARTMENT OF VETERAN'S AFFAIRS

FINDING NO: 2021-111
STATE AGENCY: Oklahoma Department of Veterans Affairs (ODVA)
FEDERAL AGENCY: United States Department of Veterans Affairs
ALN: 64.015
FEDERAL PROGRAM NAME: Veterans State Nursing Home Care
FEDERAL AWARD NUMBER: N/A
FEDERAL AWARD YEAR: 2021
CONTROL CATEGORY: Activities Allowed or Unallowed and Allowable Costs/Cost Principles
QUESTIONED COSTS: $57,740

Criteria: GAO Standards for Internal Control in the Federal Government (Green Book), Principle 13 – Use of Quality Information states in part, "13.05 Management processes the obtained data into quality information that supports the internal control system. This involves processing data into information and then evaluating the processed information so that it is quality information. Quality information meets the identified information requirements when relevant data from reliable sources are used. Quality information is appropriate, current, complete, accurate, accessible, and provided on a timely basis. Management considers these characteristics as well as the information processing

objectives in evaluating processed information and makes revisions when necessary, so that the information is quality information…"

Condition and Context: During our testing of SFY2021 purchase card transactions, we noted 7 of 49 (14.29%) purchase card claims totaling $57,740 did not have supporting documentation.

Cause: The ODVA does not have adequate controls in place to ensure supporting documentation is obtained, reviewed, and maintained by the agency.

Effect: The ODVA included unsupported costs that might be unallowable in the VA Form 10-5588 calculation used to determine monthly reimbursement of State Nursing Home Care costs.

Recommendation: We recommend that the ODVA design and implement appropriate procedures to ensure supporting documentation for all transactions is properly obtained and maintained, and that claims are properly reviewed to ensure adequate supporting documentation is present. This should include designating a location where documentation is stored so that it remains available and accessible to agency personnel even after staff members terminate or change positions.

Views of Responsible Official(s)
Contact Person: Lisa A. White, CFO
Anticipated Completion Date: Immediately
Corrective Action Planned: Management concurs with finding. See corrective action plan located in the corrective action plan section of this report.

Schedule of Expenditures of Federal Awards
By Federal Grantor

Federal Grantor/Pass-Through Grantor/Program Title		AL Number	Pass Through Entity Identifying Number	Agency		Expenditures		Expenditures to Subrecipients
U.S. Department of Agriculture								
Direct and Pass Through Programs:								
Plant and Animal Disease, Pest Control, and Animal Care		10.025		Department of Agriculture	$	789,222		
Voluntary Public Access and Habitat Incentive Program		10.093		Department of Wildlife Conservation		900,242	♦	
Inspection Grading and Standardization		10.162		Department of Agriculture		1,524,917		
Market Protection and Promotion		10.163		Department of Agriculture		31,800		
Specialty Crop Block Grant Program - Farm Bill		10.170		Department of Agriculture		581,567		
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection		10.475		Department of Agriculture		1,031,707		
SNAP Fraud Framework Implementation Grant		10.535		Department of Human Services		173,035		
COVID-19 Pandemic EBT Food Benefits		10.542		Department of Human Services		110,471,593	❁	
Supplemental Nutrition Assistance Program		10.551		Department of Human Services		1,424,196,638	✪	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program		10.561		Department of Human Services		46,451,016	✪	5,554,775
				SNAP Cluster Total		1,470,647,654	✪ ❁	5,554,775
School Breakfast Program		10.553		Department of Education		32,819,978	✪	32,689,955
National School Lunch Program		10.555		Department of Education		80,451,708	✪	80,200,552
National School Lunch Program	❖	10.555		Department of Human Services		20,725,515	✪	1,715,361
				Program Total		101,177,223	✪	81,915,913
Special Milk Program for Children		10.556		Department of Education		3,263	✪	
Summer Food Service Program for Children		10.559		Department of Education		154,619,739	✪	154,043,034
Summer Food Service Program for Children	⌘	10.559		Department of Human Services		176,368	✪	
				Program Total		154,796,107	✪	154,043,034
Child Nutrition Discretionary Grants Limited Availability		10.579		Department of Education		325,994	✪	325,994
				Child Nutrition Cluster Total		289,122,565	✪	268,974,896
WIC Special Supplemental Nutrition Program for Women, Infants and Children		10.557		State Department of Health		57,272,334		
COVID-19 WIC Special Supplemental Nutrition Program for Women, Infants and Children		10.557		State Department of Health		1,348,412		
				Program Total		58,620,746	❁	-
Child and Adult Care Food Program		10.558		Department of Education		67,478,190	❁	67,054,022
State Administrative Expenses for Child Nutrition		10.560		Department of Education		3,431,797		519,456
State Administrative Expenses for Child Nutrition		10.560		Department of Human Services		1,594,146		
				Program Total		5,025,943		519,456
Commodity Supplemental Food Program		10.565		Department of Human Services		1,386,121	✪	316,630
Emergency Food Assistance Program (Administrative Costs)		10.568		Department of Human Services		1,057,195	✪	1,028,050
COVID-19 Emergency Food Assistance Program (Administrative Costs)		10.568		Department of Human Services		8,125,896	✪	1,207,901
				Program Total		9,183,091	✪	2,235,951
Emergency Food Assistance Program (Food Commodities)	⌘	10.569		Department of Human Services		20,022,741	✪	
				Food Distribution Cluster Total		30,591,953	✪ ❁	2,552,581
Farm to School Grant Program		10.575		Department of Education		12,632		
Senior Farmers Market Nutrition Program		10.576		Department of Human Services		47,818		
Fresh Fruit and Vegetable Program		10.582		Department of Education		2,394,704		2,394,704
Forestry Research		10.652		Department of Agriculture		249,238		
Cooperative Forestry Assistance		10.664		Department of Agriculture		807,524		
Forest Health Protection		10.680		Department of Agriculture		4,400		

Partnership Agreements	10.699	Department of Agriculture		564		
Soil and Water Conservation	10.902	Department of Agriculture		7,063		
Soil and Water Conservation	10.902	Conservation Commission		378,737		
			Program Total	385,800		-
Watershed Protection and Flood Prevention	10.904	Conservation Commission		216,186		
Environmental Quality Incentives Program	10.912	Conservation Commission		130,746		
Emergency Watershed Protection Program	10.923	Conservation Commission		176,682		
Agricultural Conservation Easement Program	10.931	Department of Wildlife Conservation		28,000		
Feral Swine Eradication and Conrol Pilot Program	10.934	Conservation Commission		6,190		
Cost Reimbursement Contract - McGee Creek Project	10 UNK	Department of Wildlife Conservation		117,654		
U.S. Department of Agriculture-Subtotal				$ 2,041,569,272		$ 347,050,434
U.S. Department of Commerce						
Direct and Pass Through Programs:						
State and Local Implementation Grant Program	11.549	Office of Management and Enterprise Services		180,573		
U.S. Department of Commerce-Subtotal				$ 180,573		$ -
U.S. Department of Defense						
Direct and Pass Through Programs:						
Procurement Technical Assistance For Business Firms	12.002	Department of Career & Technology Education		715,748		299,475
Cost Reimbursement Contract: State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113	Department of Environmental Quality		68,983		
Cost Reimbursement Contract - Military Construction, National Guard	12.400	Oklahoma Military Department		5,173,962		
Cost Reimbursement Contract - National Guard Military Operations and Maintenance (O&M) Projects	12.401	Oklahoma Military Department		38,619,778		
Cost Reimbursement Contract - National Guard ChalleNGe Program	12.404	Oklahoma Military Department		4,874,839		
Troops to Teachers grant Program	12.620	Department of Education		228,564		
U.S. Department of Defense-Subtotal				$ 49,681,874		$ 299,475
U.S. Department of Housing and Urban Development						
Direct and Pass Through Programs:						
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Department of Commerce		13,660,094 ♦		13,067,390
Emergency Solutions Grant Program	14.231	Department of Commerce		6,621,395 ♦		6,402,310
Shelter Plus Care	14.238	Mental Health and Substance Abuse Services		54,074		(17,648)
Continuum of Care Program	14.267	Mental Health and Substance Abuse Services		2,180		
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14.269	Department of Commerce		336,165 ✪		(30,384)
		CDBG-Disaster Recovery Grants - Pub. L. No. 113-2 Cluster Total		336,165 ✪ ♦		(30,384)
U.S. Department of Housing and Urban Development-Subtotal				$ 20,673,908		$ 19,421,668
U.S. Department of the Interior						
Direct and Pass Through Programs:						
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250	Department of Mines		1,024,032		
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250	Conservation Commission		160,635		
			Program Total	1,184,667		-
Abandoned Mine Land Reclamation (AMLR)	15.252	Conservation Commission		1,780,162		
Federal Oil and Gas Royalty Management State and Tribal Coordination	15.427	State Auditor and Inspector		468,274		
Title XVI Water Reclamation and Reuse	15.504	Department of Tourism and Recreation		62,675		
Fish and Wildlife Management Assistance	15.608	Department of Wildlife Conservation		35,626		

Sport Fish Restoration Program	15.605	Department of Wildlife Conservation		7,519,302	✪	309,686
Wildlife Restoration and Basic Hunter Education	15.611	Department of Wildlife Conservation		14,108,559	✪	1,717,159
Enhanced Hunter Education and Safety	15.626	Department of Wildlife Conservation		130,461	✪	
			Fish and Wildlife Cluster Total	21,758,322	✪ ♦	2,026,845
Cooperative Endangered Species Conservation Fund	15.615	Department of Wildlife Conservation		67,396		18,368
Clean Vessels	15.616	Department of Environmental Quality		386,783		
Partners for Fish and Wildlife	15.631	Department of Wildlife Conservation		478,854		
State Wildlife Grants	15.634	Department of Wildlife Conservation		612,818		465,358
Historic Preservation Fund Grants-In-Aid	15.904	Historical Society		914,311		460,000
Outdoor Recreation - Acquisition, Development and Planning	15.916	Department of Tourism and Recreation		960,919		
National Ground-Water Monitoring Network	15.980	Water Resources Board		(5,165)		
U.S. Department of the Interior-Subtotal				$ 28,705,642		$ 2,970,571
U.S. Department of Justice						
Direct and Pass Through Programs:						
Sexual Assault Services Formula Program	16.017	District Attorneys Council and District Attorney Offices		355,375		217,149
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	Department of Corrections		61,000		
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	District Attorneys Council and District Attorney Offices		3,269,792		1,939,955
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	Attorney General		136,064		
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	State Bureau of Investigation		114,782		
			Program Total	3,581,638		1,939,955
Juvenile Justice and Delinquency Prevention	16.540	Office of Juvenile Affairs		417,432		
Juvenile Justice and Delinquency Prevention	16.540	District Attorneys Council and District Attorney Offices		103,486		
			Program Total	520,918		-
Missing Children's Assistance	16.543	State Bureau of Investigation		320,437		
State Justice Statistics Program for Statistical Analysis Centers	16.550	State Bureau of Investigation		33,342		
National Criminal History Improvement Program (NCHIP)	16.554	Department of Corrections		1,750		
National Criminal History Improvement Program (NCHIP)	16.554	District Attorneys Council and District Attorney Offices		674,621		443,512
National Criminal History Improvement Program (NCHIP)	16.554	State Bureau of Investigation		242,880		
			Program Total	919,251		443,512
Crime Victim Assistance	16.575	District Attorneys Council and District Attorney Offices		26,183,125		21,982,915
Crime Victim Assistance	16.575	Medicolegal Investigation Board		23,327		
Crime Victim Assistance	16.575	Attorney General		249,712		
Crime Victim Assistance	16.575	State Bureau of Investigation		96,178		
			Program Total	26,552,342		21,982,915
Crime Victim Compensation	16.576	District Attorneys Council and District Attorney Offices		2,039,656		1,873,558
Crime Victim Assistance/Discretionary Grants	16.582	District Attorneys Council and District Attorney Offices		134,170		
Crime Victim Assistance/Discretionary Grants	16.582	Mental Health and Substance Abuse Services		143,900		(3,103)
			Program Total	278,070		(3,103)
Drug Court Discretionary Grant Program	16.585	Mental Health and Substance Abuse Services		874,466		553,755
Violence Against Women Formula Grants	16.588	District Attorneys Council and District Attorney Offices		3,289,284		868,065
Violence Against Women Formula Grants	16.588	Attorney General		166,060		
			Program Total	3,455,344		868,065
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	16.589	District Attorneys Council and District Attorney Offices		491,883		656

Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590		District Attorneys Council and District Attorney Offices	123,979	
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2017-WE-AX-0045	Pass-Through from City of Tulsa to Districts Attorneys Council and District Attorney Offices	41,689	
			Program Total	165,668	-
Residential Substance Abuse Treatment for State Prisoners	16.593		District Attorneys Council and District Attorney Offices	157,423	
Residential Substance Abuse Treatment for State Prisoners	16.593		Department of Corrections	289,849	
Residential Substance Abuse Treatment for State Prisoners	16.593		Mental Health and Substance Abuse Services	82,340	
Residential Substance Abuse Treatment for State Prisoners	16.593		Office of Juvenile Affairs	80,895	
			Program Total	610,507	-
Project Safe Neighborhood	16.609		District Attorneys Council and District Attorney Offices	844,642	64,938
Public Safety Partnership and Community Policing Grants	16.710		Bureau of Narcotics & Dangerous Drugs Control	375,695	
Edward Byrne Memorial Justice Assistance Grant Program	16.738		District Attorneys Council and District Attorney Offices	2,406,324	308,712
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-DG-BX-0006	Pass-Through from City of Tulsa to Districts Attorneys Council and District Attorney Offices	38,324	
			Program Total	2,444,648	308,712
DNA Backlog Reduction Program	16.741		State Bureau of Investigation	608,254	
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742		District Attorneys Council and District Attorney Offices	116,145	44,673
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742		State Bureau of Investigation	153,860	
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742		Medicolegal Investigation Board	19,626	
			Program Total	289,631	44,673
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745		Mental Health and Substance Abuse Services	2,442	
Support for Adam Walsh Act Implementation Grant Program	16.750		Department of Corrections	15,189	
Harold Rogers Prescription Drug Monitoring Program	16.754		Bureau of Narcotics & Dangerous Drugs Control	809,710	
NICS Act Record Improvement Program (NARIP)	16.813		State Bureau of Investigation	1,223,618	
NICS Act Record Improvement Program (NARIP)	16.813		District Attorneys Council and District Attorney Offices	689,437	
			Program Total	1,913,055	-
John R. Justice Prosecutors and Defenders Incentive Act	16.816		District Attorneys Council and District Attorney Offices	954	
Postconviction Testing of DNA Evidence	16.820		State Bureau of Investigation	73,461	
Justice Reinvestment Inititative	16.827		Mental Health and Substance Abuse Services	314,810	(40,112)
Justice Reinvestment Inititative	16.827		District Attorneys Council and District Attorney Offices	136,930	
			Program Total	451,740	(40,112)
Swift, Certain, and Fair Supervision Program: Applying the Principles Behind Project HOPE	16.828		Department of Corrections	124,075	
National Sexual Assault Kit Initiative (SAKI)	16.833		Attorney General	1,192,386	
National Sexual Assault Kit Initiative (SAKI)	16.833	2018-AK-BX-0015	Pass-Through from City of Tulsa to Districts Attorneys Council and District Attorney Offices	60,900	
			Program Total	1,253,286	
STOP School Violence	16.839		Department of Education	707,930	
Combatting Contraband Cell Phone Use in Prisons	16.844		Department of Corrections	25,386	
U.S. Department of Justice-Subtotal				$ 50,138,995	$ 28,254,673

U.S. Department of Labor

Direct and Pass Through Programs:

Labor Force Statistics	17.002		Employment Security Commission		886,052			
Compensation and Working Conditions	17.005		Department of Labor		115,152			
Employment Service/Wagner-Peyser Funded Activities	17.207		Employment Security Commission		8,732,471	✪		
Employment Service/Wagner-Peyser Funded Activities	17.207		Office of Management and Enterprise Services		101,945	✪		
				Program Total	8,834,416	✪		-
Jobs for Veterans State Grants	17.801		Employment Security Commission		1,518,633	✪		
Local Veterans' Employment Representative Program	17.804		Employment Security Commission		552,632	✪		
				Employment Service Cluster Total	10,905,681	✪		-
Workforce Innovation and Opportunity (WIAO) Adult Programs	17.258		Department of Commerce		9,436,255	✪		8,219,121
Workforce Innovation and Opportunity (WIAO) Youth Activities	17.259		Department of Commerce		5,849,349	✪		4,737,178
Workforce Innovation and Opportunity (WIAO) Dislocated Worker Formula Grants	17.278		Department of Commerce		7,226,456	✪		5,677,876
				WIOA Cluster Total	22,512,060	✪	♦	18,634,175
Unemployment Insurance	17.225		Employment Security Commission		978,286,955			
COVID-19 Unemployment Insurance	17.225		Employment Security Commission		2,017,570,213			
				Program Total	2,995,857,168	❁		-
Senior Community Service Employment Program	17.235		Department of Human Services		889,351			882,901
Trade Adjustment Assistance	17.245		Employment Security Commission		1,297,876			
Work Opportunity Tax Credit Program (WOTC)	17.271		Employment Security Commission		202,842			
Temporary Labor Certification for Foreign Workers	17.273		Employment Security Commission		87,885			
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277		Employment Security Commission		3,081,478			
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277		Department of Commerce		1,207,081			603,259
				Program Total	4,288,559			603,259
Apprenticeship USA Grants	17.285		Department of Commerce		373,378			
Consultation Agreements	17.504		Department of Labor		1,284,745			
Mine Health and Safety Grants	17.600		Department of Mines		92,275			
U.S. Department of Labor-Subtotal					$ 3,038,793,024			$ 20,120,335
U.S. Department of Transportation								
Direct and Pass Through Programs:								
GA Grant Runway FAA Spall Repair/Rehab	20.UNK		Space Industry Development Authority		272,304			
Airport Improvement Program and COVID-19 Airports Programs	20.106		Aeronautics Commission		1,033,001			
Highway Research and Development Program	20.200		Department of Transportation		162,326			10,556
Highway Research and Development Program	20.200		Department of Public Safety		5,779			
				Program Total	168,105			10,556
Highway Planning and Construction	20.205	9000006077; 9000007187; 9000007765; 9000008098; 9000008097; 9000008498; 9000008911; 9000009468	Department of Transportation		692,451,329	✪		4,518,768
Highway Planning and Construction	20.205		Pass-Through from Texas Department of Transportation to Department of Transportation		8,351,369	✪		
				Program Total	700,802,698	✪		4,518,768
Recreational Trails Program	20.219		Department of Tourism and Recreation		2,429,073	✪		
				Highway Planning and Construction Cluster Total	703,231,771	✪	❁	4,518,768
Highway Training and Education	20.215		Department of Transportation		351,141			
Motor Carrier Safety Assistance	20.218		Department of Public Safety		865,353	✪		

Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements (Commercial Vehicle Info Systems and Networks)	20.237	Department of Transportation	415,383 ✪		
		Federal Motor Carrier Safety Assistance Cluster Total	1,280,736 ✪		-
Commercial Driver's License Program Implementation Grant	20.232	Department of Public Safety	228,116		
Bus and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526	Department of Transportation	2,406,610 ✪		2,022,638
		Federal Transit Cluster Total	2,406,610 ✪		2,022,638
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	Department of Transportation	755,792		680,677
Formula Grants for Rural Areas and Tribal Transit Program	20.509	Department of Transportation	5,587,452		4,005,370
COVID-19 Formula Grants for Rural Areas and Tribal Transit Program	20.509	Department of Transportation	21,589,456		19,459,141
		Program Total	27,176,908 ❁		23,464,511
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	Department of Human Services	(356) ✪		
		Transit Services Programs Cluster Total	(356) ✪		-
Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant Program	20.528	Department of Transportation	37,489		
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	Department of Public Safety	100,607		
National Highway Traffic Safety Administration Discretionary Safety Grants and Cooperative Agreements	20.614	Department of Public Safety	316		
E-911 Grant Program	20.615	Department of Emergency Management	78,583		78,583
E-911 Grant Program	20.615	Conservation Commission	104,802		
		Program Total	183,385		78,583
State and Community Highway Safety	20.600	Mental Health and Substance Abuse Services	91,550 ✪		
State and Community Highway Safety	20.600	Department of Public Safety	3,241,605 ✪		2,698,634
		Program Total	3,333,155 ✪		2,698,634
National Priority Safety Programs	20.616	Department of Public Safety	1,813,988 ✪		
National Priority Safety Programs	20.616	State Bureau of Investigation	363,828 ✪		
National Priority Safety Programs	20.616	District Attorneys Council and District Attorney Offices	3,563 ✪		
		Program Total	2,181,379 ✪		-
		Highway Safety Cluster Total	5,514,534 ✪		2,698,634
Cost Reimbursement Contract - Pipeline Safety Program State Based Grant	20.700	Corporation Commission	1,719,978		
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	Department of Emergency Management	512,765		358,696
National Infrastructure Investments	20.933	Department of Transportation	634,290		
U.S. Department of Transportation- Subtotal			$ 745,607,492		$ 33,833,063
U.S. Department of the Treasury					
Direct and Pass Through Programs:					
COVID-19 Coronavirus Relief Fund	21.019	State of Oklahoma	$ 262,650,780		$ 255,694,787
COVID-19 Coronavirus Relief Fund	21.019	Accountancy Board	11,509		
COVID-19 Coronavirus Relief Fund	21.019	Oklahoma Military Department	252,618		
COVID-19 Coronavirus Relief Fund	21.019	Alcohol Beverage Law Enforcement Commission	122,482		
COVID-19 Coronavirus Relief Fund	21.019	Department of Agriculture	10,764,046		
COVID-19 Coronavirus Relief Fund	21.019	Architects, Landscape Architects and Interior Designers, Bd of	2,619		

COVID-19 Coronavirus Relief Fund	21.019	Attorney General	185,027
COVID-19 Coronavirus Relief Fund	21.019	State Arts Council	3,081,093
COVID-19 Coronavirus Relief Fund	21.019	Office of Management and Enterprise Services	178,850,674
COVID-19 Coronavirus Relief Fund	21.019	Tobacco Settlement	1,942
COVID-19 Coronavirus Relief Fund	21.019	Department of Mines	4,018
COVID-19 Coronavirus Relief Fund	21.019	Oklahoma Commission on Children and Youth	3,034
COVID-19 Coronavirus Relief Fund	21.019	Department of Corrections	8,454,544
COVID-19 Coronavirus Relief Fund	21.019	Department of Commerce	146,685,549
COVID-19 Coronavirus Relief Fund	21.019	Corporation Commission	95,872
COVID-19 Coronavirus Relief Fund	21.019	Cosmetology Board	3,447
COVID-19 Coronavirus Relief Fund	21.019	Dentistry Board	4,390
COVID-19 Coronavirus Relief Fund	21.019	District Attorneys Council and District Attorney Offices	35,402
COVID-19 Coronavirus Relief Fund	21.019	Department of Education	221,536
COVID-19 Coronavirus Relief Fund	21.019	Office of Educational Quality and Accountability	95
COVID-19 Coronavirus Relief Fund	21.019	Employment Security Commission	100,260,026
COVID-19 Coronavirus Relief Fund	21.019	Ethics Commission	12,028
COVID-19 Coronavirus Relief Fund	21.019	Merit Protection	327
COVID-19 Coronavirus Relief Fund	21.019	State Auditor and Inspector	14,367
COVID-19 Coronavirus Relief Fund	21.019	Governor's Office	196,736
COVID-19 Coronavirus Relief Fund	21.019	Pardon and Parole	1,943
COVID-19 Coronavirus Relief Fund	21.019	Interstate Oil	29,590
COVID-19 Coronavirus Relief Fund	21.019	State Bureau of Investigation	159,264
COVID-19 Coronavirus Relief Fund	21.019	Office of Homeland Security	7,887,241
COVID-19 Coronavirus Relief Fund	21.019	Office of Disability Concerns	26,044
COVID-19 Coronavirus Relief Fund	21.019	State Department of Health	236,158,571
COVID-19 Coronavirus Relief Fund	21.019	Mediolegal Investigation Board	59,311
COVID-19 Coronavirus Relief Fund	21.019	Department of Transportation	25,351,255
COVID-19 Coronavirus Relief Fund	21.019	Historical Society	34,949
COVID-19 Coronavirus Relief Fund	21.019	Horse Racing Commission	903
COVID-19 Coronavirus Relief Fund	21.019	Office of Juvenile Affairs	3,136,943
COVID-19 Coronavirus Relief Fund	21.019	Department of Labor	32,652
COVID-19 Coronavirus Relief Fund	21.019	Commissioners of the Land	26,941
COVID-19 Coronavirus Relief Fund	21.019	Law Enforcement Educ & Training	6,957
COVID-19 Coronavirus Relief Fund	21.019	Law Enforcement Retirement	51,873
COVID-19 Coronavirus Relief Fund	21.019	Senate	107,708
COVID-19 Coronavirus Relief Fund	21.019	House of Representatives	49,603
COVID-19 Coronavirus Relief Fund	21.019	Mental Health and Substance Abuse Services	14,921,163
COVID-19 Coronavirus Relief Fund	21.019	Motor Vehicle Commission	6,765
COVID-19 Coronavirus Relief Fund	21.019	Bureau of Narcotics & Dangerous Drugs Control	29,027
COVID-19 Coronavirus Relief Fund	21.019	Long Term Care Administrators Board	38,820
COVID-19 Coronavirus Relief Fund	21.019	Nursing Board	13,649
COVID-19 Coronavirus Relief Fund	21.019	Public Employees Retirement System	65,934
COVID-19 Coronavirus Relief Fund	21.019	Optometry Board	176
COVID-19 Coronavirus Relief Fund	21.019	Osteopathic Examiners Board	1,233
COVID-19 Coronavirus Relief Fund	21.019	Department of Tourism and Recreation	2,306,124
COVID-19 Coronavirus Relief Fund	21.019	Professional Engineers & Land Surveyors Licensure Board	4,031
COVID-19 Coronavirus Relief Fund	21.019	Department of Public Safety	60,099,526
COVID-19 Coronavirus Relief Fund	21.019	Real Estate Commission	6,033
COVID-19 Coronavirus Relief Fund	21.019	Physicians' Manpower	40
COVID-19 Coronavirus Relief Fund	21.019	Center for Advancement of Science and Technology	699
COVID-19 Coronavirus Relief Fund	21.019	School of Science and Mathematics	10,572
COVID-19 Coronavirus Relief Fund	21.019	Department of Securities	2,143
COVID-19 Coronavirus Relief Fund	21.019	Consumer Credit	20,229
COVID-19 Coronavirus Relief Fund	21.019	Conservation Commission	23,287
COVID-19 Coronavirus Relief Fund	21.019	Department of Veterans Affairs	10,362,561
COVID-19 Coronavirus Relief Fund	21.019	J.D. McCarty Center	4,408,418
COVID-19 Coronavirus Relief Fund	21.019	Supreme Court	1,740,868
COVID-19 Coronavirus Relief Fund	21.019	Oklahoma Tax Commission	86,813
COVID-19 Coronavirus Relief Fund	21.019	Teachers' Retirement	8,015

COVID-19 Coronavirus Relief Fund		21.019		Uniform Buildiong Code Commission		88		
COVID-19 Coronavirus Relief Fund		21.019		Board of Alcohol & Drug Tests		1,216		
COVID-19 Coronavirus Relief Fund		21.019		Department of Career & Technology Education		1,126,951		
COVID-19 Coronavirus Relief Fund		21.019		Virtual Charter School Board		1,036		
COVID-19 Coronavirus Relief Fund		21.019		Department of Rehabilitation Services		33,151		
COVID-19 Coronavirus Relief Fund		21.019		Health Care Authority		245,000		
COVID-19 Coronavirus Relief Fund		21.019		Department of Human Services		30,950,948		
COVID-19 Coronavirus Relief Fund		21.019		Water Resources Board		109,514		
COVID-19 Coronavirus Relief Fund		21.019		Workers Compensation Commission		15,600		
					Program Total	1,111,675,539	❁	255,694,787
COVID-19 Emergency Rental Assistance Program		21.023		State of Oklahoma		36,950,231	❁	36,950,231
U.S. Department of the Treasury-Subtotal						$ 1,148,625,770		$ 292,645,018
General Services Administration								
Direct and Pass Through Programs:								
Donation of Federal Surplus Personal Property	⌘	39.003		Office of Management and Enterprise Services-DCAM		1,208,275		
General Services Administration-Subtotal						$ 1,208,275		$ -
National Foundation on the Arts and the Humanities								
Direct and Pass Through Programs:								
Promotion of the Arts Partnership Agreements		45.025		State Arts Council		381,398		
Grants to States		45.310		Department of Libraries		2,015,895		583,577
COVID-19 Grants to States		45.310		Department of Libraries		297,546		291,320
					Program Total	2,313,441		874,897
National Foundation on the Arts and the Humanities-Subtotal						$ 2,694,839		$ 874,897
U.S. Small Business Administration								
Direct and Pass Through Programs:								
State Trade Expansion Program		59.061		Department of Commerce		151,898		
U.S. Small Business Administration-Subtotal						$ 151,898		$ -
U.S. Department of Veterans Affairs								
Direct and Pass Through Programs:								
Grants to States for Construction of State Home Facilities		64.005		Department of Veterans Affairs		2,364,904		
Veterans State Nursing Home Care		64.015		Department of Veterans Affairs		77,439,804	❁	
COVID-19 Veterans State Nursing Home Care		64.015		Department of Veterans Affairs		16,106,072	❁	
					Program Total	93,545,876		-
Transportation of Veterans in Highly Rural Areas		64.035		Department of Veterans Affairs		28,493		
All-Volunteer Force Educational Assistance		64.124		Department of Veterans Affairs		312,218		
U.S. Department of Veterans Affairs-Subtotal						$ 96,251,491		$ -
U.S. Environmental Protection Agency								
Direct and Pass Through Programs:								
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act		66.034		Department of Environmental Quality		576,029		
State Clean Diesel Grant Program		66.040		Department of Environmental Quality		499,278		
Multipurpose Grants to States and Tribes		66.204		Corporation Commission		27,905		
Multipurpose Grants to States and Tribes		66.204	OK292PT2928126320; OK292PT2928131618; OK292PT2928131620; OK292PT2928131718	Pass-Through from Sec. of Energy & Enviro. to Dept. of Enviro. Quality		104,005		

Multipurpose Grants to States and Tribes	66.204		Department of Labor	27,035		
			Program Total	158,945		-
Water Pollution Control State, Interstate and Tribal Program Support	66.419	OK292PT2928126320; OK292PT2928131618; OK292PT2928131620; OK292PT2928131718	Pass-Through from Sec. of Energy & Enviro. to Water Resources Board	156,466		
Water Pollution Control State, Interstate and Tribal Program Support	66.419	OK292PT2928126220; OK292PT2928140020	Pass-Through from Sec. of Energy & Enviro. to Dept. of Enviro. Quality	2,736,783		
Water Pollution Control State, Interstate and Tribal Program Support	66.419		Corporation Commission	302		
			Program Total	2,893,551		-
State Underground Water Source Protection	66.433		Corporation Commission	315,160		
Lead Testing in School and Child Care Program Drinking Water (SDWA 1464(d))	66.444		Department of Environmental Quality	68,094		
Assistance for Small and Disadvantaged Communities Drinking Water Gran Program (SDWA 1459A)	66.442		Department of Environmental Quality	225,152		
Water Quality Management Planning	66.454	OK292PT2928133417; OK292PT2928139520	Pass-Through from Sec. of Energy & Enviro. to Water Resources Board	54,408		
Capitalization Grants for Clean Water State Revolving Funds	66.458		Water Resources Board	8,568,006	✪	8,568,006
			Clean Water State Revolving Fund Cluster Total	8,568,006	✪ ♦	8,568,006
Nonpoint Source Implementation Grants	66.460	OK292PT2928130017; OK292PT2928130019; OK292PT2928131319; OK292PT2928131320; OK292PT2928131321; OK292PT2928131420; OK292PT2928131421; OK292PT2928131520; OK292PT2928131521; OK292PT2928134018	Pass-Through from Sec. of Energy & Environment to Conservation Commission	3,362,316		
Regional Wetland Program Development Grants	66.461	OK292PT2928133817; OK292PT2928139319	Pass-Through from Sec. of Energy & Environment to Water Resources Board	66,784		
Regional Wetland Program Development Grants	66.461	OK292PT2928137919; OK292PT2928139820	Pass-Through from Sec. of Energy & Environment to Conservation Commission	1,302		
			Program Total	68,086		-
Capitalization Grants for Drinking Water State Revolving Funds	66.468		Department of Environmental Quality	16,466,628	✪	11,961,482
			Drinking Water State Revolving Fund Cluster Total	16,466,628	✪ ♦	11,961,482
Performance Partnership Grants	66.605		Department of Environmental Quality	4,314,446		
Environmental Information Exchange Network Grant Program and Related Assistance	66.608		Department of Environmental Quality	20,108		
Environmental Information Exchange Network Grant Program and Related Assistance	66.608		Water Resources Board	174,606		
			Program Total	194,714		-
Consolidated Pesticide Enforcement Cooperative Agreements	66.700		Department of Agriculture	563,761		
Toxic Substances Compliance Monitoring Cooperative Agreements	66.701		Department of Labor	131,324		
Toxic Substances Control Act Title IV State Lead Grants Certificationof Lead-Based Paint Professionals	66.707		Department of Environmental Quality	68,560		
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802		Department of Environmental Quality	5,853,925		
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802		State Department of Health	28,976		
Covid-19 Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802		State Department of Health	30,547		

			Program Total	5,913,448	-
Underground Storage Tank (UST) Prevention, Detection and Compliance Program	66.804	Corporation Commission		491,464	
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805	Corporation Commission		712,914	
State and Tribal Response Program Grants	66.817	Corporation Commission		163,989	
State and Tribal Response Program Grants	66.817	Department of Environmental Quality		482,317	
			Program Total	646,306	-
Brownfields Multipurpose, Assessment, Revolving Loan Funds, and Cleanup Cooperative Agreements	66.818	Department of Environmental Quality		610,388	
Brownfields Multipurpose, Assessment, Revolving Loan Funds, and Cleanup Cooperative Agreements	66.818	Corporation Commission		148,338	
			Program Total	758,726	-
Superfund State and Indian Tribe Combined Cooperative Agreements (Site-Specific and Core)	66.961	Department of Environmental Quality		334,642	
U.S. Environmental Protection Agency-Subtotal				$ 47,385,958	$ 20,529,488
U.S. Department of Energy					
Direct and Pass Through Programs:					
State Energy Program	81.041	Department of Commerce		593,650	290,728
Weatherization Assistance for Low-Income Persons	81.042	Department of Commerce		1,845,172	1,573,457
U.S. Department of Energy-Subtotal				$ 2,438,822	$ 1,864,185
U.S. Department of Education					
Direct and Pass Through Programs:					
Adult Education - Basic Grants to States	84.002	Department of Corrections		267,719	
Adult Education - Basic Grants to States	84.002	Department of Career & Technology Education		6,507,155	5,043,227
			Program Total	6,774,874	5,043,227
Title I Grants to Local Educational Agencies	84.010	Department of Education		218,387,538	216,198,102
Title I Grants to Local Educational Agencies	84.010	Office of Juvenile Affairs		35,403	
			Program Total	218,422,941	216,198,102
Migrant Education State Grant Program	84.011	Department of Education		655,360	412,537
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	Department of Education		(36,448)	
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	Department of Corrections		333,628	
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	Office of Juvenile Affairs		90,772	
			Program Total	387,952	-
Special Education Grants to States	84.027	Department of Education		155,132,901 ✪	142,737,364
Special Education Grants to States	84.027	Office of Juvenile Affairs		13,484 ✪	
Special Education Grants to States	84.027	Mental Health and Substance Abuse Services		(108,954) ✪	
COVID-19 Special Education Grants to States	84.027	Department of Education		6,505,252 ✪	6,505,252
COVID-19 Special Education Grants to States	84.027	Office of Juvenile Affairs		2,638 ✪	
			Program Total	161,545,321 ✪	149,242,616
Special Education Preschool Grants	84.173	Department of Education		3,339,845 ✪	3,191,346
			Special Education Cluster (IDEA) Total	164,885,166 ✪	152,433,962
Career and Technical Education - Basic Grants to States	84.048	Department of Career & Technology Education		17,341,636	15,278,354
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	Department of Rehabilitation Services		34,599,551	

Rehabilitation Services Client Assistance Program	84.161	Office of Disability Concerns		135,740	
Rehabilitation Services Independent Living Services for Older Individuals Who ar Blind	84.177	Department of Rehabilitation Services		370,040	
Special Education - Grants for Infants and Families	84.181	Department of Education		51,792	
Special Education - Grants for Infants and Families	84.181	State Department of Health		2,613,476	
COVID-19 Special Education - Grants for Infants and Families	84.181	State Department of Health		(215,797)	
			Program Total	2,449,471	-
School Safety National Activities (formerly, Safe and Drug-Free Schools and Communities-National Programs)	84.184	Department of Education		1,412,676	
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187	Department of Rehabilitation Services		300,000	
Education for Homeless Children and Youth	84.196	Department of Education		979,435	960,716
Javits Gifted and Talented Students Education	84.206	Department of Education		448,453	
Twenty-First Century Community Learning Centers	84.287	Department of Education		12,836,818	12,079,496
Indian Education - Special Programs for Indian Children	84.299	Department of Education		645,015	
Special Education - State Personnel Development	84.323	Department of Education		1,228,617	
Rural Education	84.358	Department of Education		5,319,931	5,127,483
English Language Acquisition State Grants	84.365	Department of Education		5,484,397	5,124,978
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	Department of Education		18,786,603	17,066,787
Grants for State Assessments and Related Activities	84.369	Department of Education		4,686,703	
Comprehensive Literacy Development	84.371	Department of Education		7,260,592	7,024,938
School Improvement Grants	84.377	Department of Education		2,003,321	1,961,492
Performance Partnership Pilots for Disconnected Youth	84.420	Department of Human Services		(27)	
Student Support and Academic Enrichment Program	84.424	Department of Education		6,331,299	5,886,907
Student Support and Academic Enrichment Program	84.424	Office of Juvenile Affairs		7,296	
			Program Total	6,338,595	5,886,907
COVID-19 Education Stabilization Fund	84.425C	Office of Educational Quality and Accountability		16,436,694	16,436,694
COVID-19 Education Stabilization Fund	84.425C	Virtual Charter School		11,580,315	
COVID-19 Education Stabilization Fund	84.425C	Department of Education		6,640,333	
COVID-19 Education Stabilization Fund	84.425C	Governor's Office		1,000,000	1,000,000
COVID-19 Education Stabilization Fund	84.425D	Department of Education		328,015,109	324,498,339
COVID-19 Education Stabilization Fund	84.425R	Department of Education		4,829,577	
COVID-19 Education Stabilization Fund	84.425U	Department of Education		4,150,247	3,133,146
			Program Total	372,652,275 ❁	345,068,179
Randolph-Sheppard - Financial Relief and Restoration Payments	84.426	Department of Rehabilitation Services		260,072	
U.S. Department of Education-Subtotal				$ 886,666,207	$ 789,667,158
National Archives and Records Administration					
Direct and Pass Through Programs:					
National Historical Publications and Records Grants	89.003	Department of Libraries		26,459	12,664
National Archives and Records Administration - Subtotal				$ 26,459	$ 12,664
U.S. Election Assistance Commission					
Direct and Pass Through Programs:					
Help America Vote Act Requirements Payments	90.401	State Election Board		733,360	
2018 HAVA Election Security Grants	90.404	State Election Board		507,680	
COVID-19 2018 HAVA Election Security Grants	90.404	State Election Board		2,764,860	
			Program Total	3,272,540	-
U.S. Election Assistance Commission - Subtotal				$ 4,005,900	$ -

U.S. Department of Health and Human Services

Direct and Pass Through Programs:

Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	Department of Human Services		60,670	60,208
COVID-19 Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042	Department of Human Services		436,565	
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	Department of Human Services		154,693	94,949
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	Department of Human Services		2,666,310 ✪	2,103,398
COVID-19 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	Department of Human Services		2,046,566 ✪	1,910,882
			Program Total	4,712,876 ✪	4,014,280
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	Department of Human Services		9,046,671 ✪	8,657,673
COVID-19 Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	Department of Human Services		6,173,148 ✪	5,972,449
			Program Total	15,219,819 ✪	14,630,122
Nutrition Services Incentive Program	93.053	Department of Human Services		740,088 ✪	740,088
			Aging Cluster Total	20,672,783 ✪	19,384,490
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048	Insurance Department		278,016	
COVID-19 Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048	Department of Human Services		140,456	79,800
			Program Total	418,472	79,800
National Family Caregiver Support, Title III, Part E	93.052	Department of Human Services		1,852,853	1,595,307
COVID-19 National Family Caregiver Support, Title III, Part E	93.052	Department of Human Services		437,070	380,198
			Program Total	2,289,923	1,975,505
Public Health Emergency Preparedness	93.069	State Department of Health		6,280,872	1,529,332
COVID-19 Public Health Emergency Preparedness	93.069	State Department of Health		546,998	
			Program Total	6,827,870	1,529,332
Medicare Enrollment Assistance Program	93.071	Insurance Department		187,186	
Medicare Enrollment Assistance Program	93.071	Department of Human Services		160,427	
			Program Total	347,613	-
Lifespan Respite Care Program	93.072	Department of Human Services		251,235	
Birth Defects and Developmental Disabilities - Prevention and Surveillance	93.073	State Department of Health		132,577	
COVID-19 Birth Defects and Developmental Disabilities - Prevention and Surveillance	93.073	State Department of Health		882	
			Program Total	133,459	-
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	State Department of Health		75,842	
COVID-19 Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	State Department of Health		1,547	
			Program Total	77,389	-
Enhance Safety of Children Affected by Substance Abuse	93.087	Mental Health and Substance Abuse Services		984,259	561,921
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	State Department of Health		646,366	515,922

COVID-19 Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	State Department of Health		251	
			Program Total	646,617	515,922
Food and Drug Administration - Research	93.103	Department of Agriculture		380,539	
COVID-19 Food and Drug Administration - Research	93.103	State Department of Health		(282,808)	
			Program Total	97,731	-
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	Mental Health and Substance Abuse Services		(534,974)	(714,836)
Maternal and Child Health Federal Consolidated Programs	93.110	State Department of Health		744,249	393,614
COVID-19 Maternal and Child Health Federal Consolidated Programs	93.110	State Department of Health		14,859	
			Program Total	759,108	393,614
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	State Department of Health		479,997	
COVID-19 Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	State Department of Health		46,258	
			Program Total	526,255	-
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	State Department of Health		358,729	
COVID-19 Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	State Department of Health		9,162	
			Program Total	367,891	-
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130	State Department of Health		119,267	
COVID-19 Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130	State Department of Health		(2,769)	
			Program Total	116,498	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	State Department of Health		1,926,664	100,583
COVID-19 Injury Prevention and Control Research and State and Community Based Programs	93.136	State Department of Health		88,651	
			Program Total	2,015,315	100,583
Projects for Assistance in Transition from Homelessness (PATH)	93.150	Mental Health and Substance Abuse Services		207,521	37,221
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	State Department of Health		417,884	
Family Planning Services	93.217	State Department of Health		2,780,428	900,302
COVID-19 Family Planning Services	93.217	State Department of Health		112,401	
			Program Total	2,892,829	900,302
Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	93.235	State Department of Health		643,229	399,223
COVID-19 Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	93.235	State Department of Health		(796)	
			Program Total	642,433	399,223
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	Department of Education		1,785,287	871,918
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	State Department of Health		(496)	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	Mental Health and Substance Abuse Services		411,525	(1,688,035)

Substance Abuse and Mental Health Services Projects of Regional and National Significance		93.243		Department of Human Services		(108)	
COVID-19 Substance Abuse and Mental Health Services Projects of Regional and National Significance		93.243		State Department of Health		101	
					Program Total	2,196,309	(816,117)
Early Hearing Detection and Intervention		93.251		State Department of Health		188,924	
Immunization Cooperative Agreements	❖	93.268		State Department of Health		66,407,116	233,544
COVID-19 Immunization Cooperative Agreements	❖	93.268		State Department of Health		367,368	
					Program Total	66,774,484	233,544
Viral Hepatitis Prevention and Control		93.270		State Department of Health		410,468	
COVID-19 Viral Hepatitis Prevention and Control		93.270		State Department of Health		4,720	
					Program Total	415,188	
PPHF 2018: Office of Smoking and Health-National State-Based Tobacco Control Programs-Financed in part by 2018 Prevention and Public Health funds (PPHF)		93.305		State Department of Health		(14,130)	
COVID-19 PPHF 2018: Office of Smoking and Health-National State-Based Tobacco Control Programs-Financed in part by 2018 Prevention and Public Health funds (PPHF)		93.305		State Department of Health		16,011	
					Program Total	1,881	
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program		93.314		State Department of Health		149,755	
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)		93.323		State Department of Health		4,900,524	9,781
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)		93.323		State Department of Health		19,339,606	
					Program Total	24,240,130	9,781
State Health Insurance Assistance Program		93.324		Insurance Department		674,767	
Behavioral Risk Factor Surveillance System		93.336		State Department of Health		145,744	
COVID-19 - Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises		93.354		State Department of Health		1,399,388	173,262
ACL Independent Living State Grants		93.369		Department of Rehabilitation Services		404,486	
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke		93.426		State Department of Health		1,260,063	784,642
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke		93.426		Mental Health and Substance Abuse		126,478	
COVID-19 Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke		93.426		State Department of Health		22,474	
					Program Total	1,409,015	784,642
Pregnancy Assistance Fund Program		93.500		State Department of Health		23,107	14,332
Pregnancy Assistance Fund Program		93.500		Office of Juvenile Affairs		56,575	
COVID-19 Pregnancy Assistance Fund Program		93.500		State Department of Health		(1,104)	
					Program Total	78,578	14,332
State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges		93.525	4HBEIE100017-01-01	Pass-Through from Office of Consumer Information and Insurance Oversight to Mental Health and Substance Abuse Services		(2,852)	
Promoting Safe and Stable Families		93.556		Department of Human Services		2,837,017	208,545

Promoting Safe and Stable Families	93.556	Office of Juvenile Affairs		132,167	
Promoting Safe and Stable Families	93.556	Mental Health and Substance Abuse		58,220	
			Program Total	3,027,404	208,545
Temporary Assistance for Needy Families	93.558	Department of Human Services		30,451,411	
Temporary Assistance for Needy Families	93.558	Department of Career & Technology Education		3,099,390	
Temporary Assistance for Needy Families	93.558	Department of Libraries		274,315	
Temporary Assistance for Needy Families	93.558	Mental Health and Substance Abuse Services		92,447	
			Program Total	33,917,563 ❁	-
Child Support Enforcement	93.563	Department of Human Services		32,776,201	964,343
Child Support Enforcement	93.563	District Attorneys Council and District Attorney Offices		1,922,731	
			Program Total	34,698,932 ❁	964,343
Child Support Enforcement Research	93.564	Department of Human Services		57,940	
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	Department of Human Services		740,063	596,997
Low-Income Home Energy Assistance	93.568	Department of Human Services		27,184,612	
Low-Income Home Energy Assistance	93.568	Department of Commerce		902,516	847,624
COVID-19 Low-Income Home Energy Assistance	93.568	Department of Human Services		7,730,056	
			Program Total	35,817,184	847,624
Community Services Block Grant	93.569	Department of Commerce		11,803,034 ♦	11,389,211
Child Care and Development Block Grant	93.575	Department of Human Services		129,189,407 ✪	2,125,331
COVID-19 Child Care and Development Block Grant	93.575	Department of Human Services		57,685,723 ✪	
			Program Total	186,875,130 ✪	2,125,331
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Department of Human Services		44,665,115 ✪	
COVID-19 Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Department of Human Services		1,810,724 ✪	
			Program Total	46,475,839 ✪	-
			CCDF Cluster Total	233,350,969 ✪ ❁	2,125,331
State Court Improvement Program	93.586	Supreme Court		273,600	
COVID-19 State Court Improvement Program	93.586	Supreme Court		16,602	
			Program Total	290,202	-
Community-Based Child Abuse Prevention Grants	93.590	State Department of Health		534,557	193,128
Grants to States for Access and Visitation Programs	93.597	Department of Human Services		95,061	
Chafee Education and Training Vouchers Program (ETV)	93.599	Department of Human Services		1,238,116	
COVID-19 Chafee Education and Training Vouchers Program (ETV)	93.599	Department of Human Services		2,418	
			Program Total	1,240,534	-
Head Start	93.600	Department of Commerce		138,140 ✪	132,038
			Head Start Cluster Total	138,140 ✪	132,038
Adoption and Legal Guardianship Incentive Payments	93.603	Department of Human Services		4,667,143	
Basic Center Grant	93.623	Mental Health and Substance Abuse Services		180,068	57,231
Developmental Disabilities Basic Support and Advocacy Grants	93.630	Department of Human Services		625,792	
Children's Justice Grants to States	93.643	Department of Human Services		(814,868)	
Stephanie Tubbs Jones Child Welfare Services Program	93.645	Department of Human Services		818,540	
Child Welfare Research Training or Demonstration	93.648	Department of Human Services		360,766	
Adoption Opportunities	93.652	Department of Human Services		(69)	
Foster Care Title IV-E	93.658	Department of Human Services		68,673,761	1,938,092

Foster Care Title IV-E	93.658		Office of Juvenile Affairs		100,583		
COVID-19 Foster Care Title IV-E	93.658		Department of Human Services		1,875,304		
				Program Total	70,649,648	❁	1,938,092
Adoption Assistance	93.659		Department of Human Services		93,616,701		
COVID-19 Adoption Assistance	93.659		Department of Human Services		7,764,559		
				Program Total	101,381,260	❁	-
COVID-19 Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	93.665		Mental Health and Substance Abuse Services		1,400,365		764,816
Social Services Block Grant	93.667		Department of Human Services		34,351,320	❁	
Child Abuse and Neglect State Grants	93.669		Department of Human Services		217,193		
Child Abuse and Neglect Discretionary Activities	93.670	90CA1854	Pass-Through from National Quality Improvement Center to Mental Health and Substance Abuse Services		305,839		
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671		Attorney General		1,378,876		1,378,876
COVID-19 Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671		Attorney General		415,173		264,302
				Program Total	1,794,049		1,643,178
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674		Department of Human Services		3,167,952		
Elder Abuse Prevention Interventions Program	93.747		Department of Human Services		454,066		
Children's Health Insurance Program	93.767		Health Care Authority		219,749,018		
Children's Health Insurance Program	93.767		State Department of Health		382,118		
Children's Health Insurance Program	93.767		Mental Health and Substance Abuse Services		212,630		
COVID-19 Children's Health Insurance Program	93.767		Health Care Authority		8,700,633		
				Program Total	229,044,399	❁	-
State Medicaid Fraud Control Units	93.775		Attorney General		1,723,829	✪	
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777		State Department of Health		2,186,961	✪	
COVID-19 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777		State Department of Health		1,894	✪	
				Program Total	3,912,684	✪	-
Medical Assistance Program	93.778		Office of Juvenile Affairs		47,661	✪	
Medical Assistance Program	93.778		Health Care Authority		3,914,478,821	✪	
Medical Assistance Program	93.778		State Department of Health		(1,445,174)	✪	
Medical Assistance Program	93.778		Department of Human Services		48,298,369	✪	
Medical Assistance Program	93.778		Mental Health and Substance Abuse Services		994,586	✪	
COVID-19 Medical Assistance Program	93.778		Health Care Authority		302,979,878	✪	
				Program Total	4,265,354,141	✪	-
				Medicaid Cluster Total	4,269,266,825	✪ ❁	-
Opioid STR	93.788		Mental Health and Substance Abuse Services		8,347,113		1,672,450
Money Follows the Person Rebalancing Demonstration	93.791		Health Care Authority		976,220		
COVID-19 Money Follows the Person Rebalancing Demonstration	93.791		Health Care Authority		5,072		
				Program Total	981,292		-
State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	93.796		Health Care Authority		5,904,215		
State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	93.796		State Department of Health		2,565,479		
				Program Total	8,469,694		-

Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	93.817	State Department of Health		(2,966)	
Section 223 Demonstration Programs to Improve Community Mental Health Services	93.829	Mental Health and Substance Abuse Services		796,073	
Maternal, Infant, and Early Childhood Home Visiting Grant	93.870	State Department of Health		4,792,921	3,585,582
COVID-19 Maternal, Infant and Early Childhood Home Visiting Grant	93.870	State Department of Health		4,074	
			Program Total	4,796,995	3,585,582
National Bioterrorism Hospital Preparedness Program	93.889	State Department of Health		1,681,804	1,471,731
COVID-19 National Bioterrorism Hospital Preparedness Program	93.889	State Department of Health		157,506	
			Program Total	1,839,310	1,471,731
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	State Department of Health		1,299,479	
HIV Care Formula Grants	93.917	State Department of Health		420,730	-
HIV Care Formula Grants	93.917	Department of Human Services		148,531	
COVID-19 HIV Care Formula Grants	93.917	State Department of Health		(31,058)	
			Program Total	538,203	-
HIV Prevention Activities Health Department Based	93.940	State Department of Health		1,344,604	200,656
COVID-19 HIV Prevention Activities Health Department Based	93.940	State Department of Health		21,928	
			Program Total	1,366,532	200,656
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	State Department of Health		200,663	
Block Grants for Community Mental Health Services	93.958	Mental Health and Substance Abuse Services		5,041,782	1,282,114
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Mental Health and Substance Abuse Services		13,107,084	1,364,788
Block Grants for Prevention and Treatment of Substance Abuse	93.959	State Department of Health		7,508	
			Program Total	13,114,592	1,364,788
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	State Department of Health		1,097,168	
COVID-19 Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	State Department of Health		129,083	
			Program Total	1,226,251	-
Improving Student Health and Academic Achievement through Nutrition, Physica Activity and the Management of Chronic Conditions in Schools	93.981	Department of Education		473,696	
Improving Student Health and Academic Achievement through Nutrition, Physica Activity and the Management of Chronic Conditions in Schools	93.981	State Department of Health		80,468	
			Program Total	554,164	
Mental Health Disater Assistance and Emergency Mental Health	93.982	Mental Health and Substance Abuse Services		2,296,583	1,872,444
Preventive Health and Health Services Block Grant	93.991	State Department of Health		732,571	71,753
Preventive Health and Health Services Block Grant	93.991	Bureau of Narcotics & Dangerous Drugs Control		12,874	
COVID-19 Preventive Health and Health Services Block Grant	93.991	State Department of Health		49,177	
			Program Total	794,622	71,753
Maternal and Child Health Services Block Grant to the States	93.994	Department of Human Services		2,186,497	

Maternal and Child Health Services Block Grant to the States	93.994	State Department of Health		6,128,044	1,663,104
COVID-19 Maternal and Child Health Services Block Grant to the States	93.994	State Department of Health		301,078	
			Program Total	8,615,619	1,663,104
Assisted Outpatient Treatment	93.997	Mental Health and Substance Abuse Services		119,643	(103,085)
Cost Reimbursement Contracts:					
Implementation Alcohol/Drug Data Collection	93.UNK	Mental Health and Substance Abuse Services		2,707	
Client Level Projects	93.UNK	Mental Health and Substance Abuse Services		(140,888)	
U.S. Department of Health and Human Services-Subtotal				$ 5,272,725,170	$ 59,659,749
Executive Office of the President					
Cost Reimbursement Contract: High Intensity Drug Trafficking Areas Program	95.001	Bureau of Narcotics & Dangerous Drugs Control		60,294	
Executive Office of the President-Subtotal				$ 60,294	$ -
Social Security Administration					
Direct and Pass Through Programs:					
Social Security Disability Insurance	96.001	Department of Rehabilitation Services		45,473,283 ✪	
			Disability Insurance/SSI Cluster Total	45,473,283 ✪	-
Social Security Administration-Subtotal				$ 45,473,283	$ -
U.S. Department of Homeland Security					
Direct and Pass Through Programs:					
Non-Profit Security Program	97.008	Department of Emergency Management		53,630	53,630
Boating Safety Financial Assistance	97.012	Department of Public Safety		791,809	
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023	Water Resources Board		272,139	
Crisis Counseling	97.032	Mental Health and Substance Abuse Services		422,226	278,437
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Department of Emergency Management		86,121,731	84,114,572
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	State Department of Health		3,592,649	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Department of Transportation		733,467	
			Program Total	90,447,847 ❁	84,114,572
Hazard Mitigation Grant	97.039	Department of Emergency Management		3,748,543	3,050,309
National Dam Safety Program	97.041	Water Resources Board		362,596	
Emergency Management Performance Grants	97.042	Department of Emergency Management		4,961,018	1,486,289
Cooperating Technical Partners	97.045	Department of Emergency Management		5,106	5,106
Cooperating Technical Partners	97.045	Water Resources Board		371,274	
			Program Total	376,380	5,106
Fire Management Assistance Grant	97.046	Department of Emergency Management		186,703	167,882
Fire Management Assistance Grant	97.046	Department of Agriculture		4,183,886	
			Program Total	4,370,589	167,882
BRIC: Building Resilient Infrastructure and Communities	97.047	Department of Emergency Management		217,481	211,165
COVID-19 Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	97.050	Employment Security Commission		240,953,618 ❁	
State Homeland Security Program (SHSP)	97.073	State Bureau of Investigation		367,054	
State Homeland Security Program (SHSP)	97.073	Department of Emergency Management		2,438,295	393,959
State Homeland Security Program (SHSP)	97.073	Department of Public Safety		392,365	119,713

State Homeland Security Program (SHSP)	97.073	Conservation Commission		54,922	
			Program Total	3,252,636	513,672
Earthquake Consortium	97.082	Department of Emergency Management		30,609	
Disaster Assistance Projects	97.088	Department of Emergency Management		1,512,926	1,003,521
U.S. Department of Homeland Security-Subtotal				$ 351,774,047	$ 90,884,583
U.S. Drug Enforcement Administration					
Direct and Pass Through Programs:					
Other Federal Assistance - Marijuana Eradication Suppression Program	99.UNK	Bureau of Narcotics & Dangerous Drugs Control		66,338	
U.S. Drug Enforcement Administration-Subtotal				$ 66,338	$ -
Total Federal Assistance				$ 13,834,905,531	$ 1,708,087,961

⌘ Noncash Assistance
❖ Partially Noncash Assistance
☸ Tested as a major program as defined by 2 CFR §200.518
♦ Program audited as a major program by independent auditor
✪ Programs defined as a cluster by OMB Compliance Supplement
✝ See SEFA footnote #7
UNK Unknown

Notes to the Schedule of Expenditures of Federal Awards

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2021

Note 1. Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards (schedule) includes the federal award activity of the State of Oklahoma for the year ended June 30, 2021. The information in this schedule is presented in conformity with the requirements set forth in Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

A. Reporting Entity

The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. The reporting entity includes the primary government of the State of Oklahoma as presented in the Annual Comprehensive Financial Report (ACFR). Component units included in the ACFR prepare individual financial statements that meet the requirements of Uniform Guidance and have not been included in the schedule. Uniform Guidance allows non-Federal entities to meet the audit requirements of the compliance supplement through a series of audits that cover the reporting entity.

B. Basis of Presentation

The schedule presents expenditures and expenses for the fiscal year ended June 30, 2021. The schedule reports total federal award expenditures and expenses for each federal program as identified by the Assistance Listing (AL) number in the Catalog of Federal Domestic Assistance. Federal awards without identified AL numbers have been identified as "Unknown" (UNK).

Federal financial awards include federal financial assistance and federal cost-reimbursement contracts. Federal financial assistance may be defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, food commodities, interest subsidies, insurance or direct appropriations, but does not include direct federal cash assistance to individuals. Non-monetary federal assistance including surplus property, supplemental nutrition benefits and food commodities is reported in the schedule. Solicited contracts between the state and the federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

Food and commodity distributions on the accompanying schedule are valued using a weighted average cost based on the U.S. Department of Agriculture commodity price list at the inventory receipt date. The supplemental nutrition benefits issuance amount included in the accompanying schedule is stated at the value of supplemental nutrition benefits redeemed. Donated federal surplus property is included in the schedule at a percentage of the federal government acquisition cost.

The scope of the schedule includes expenditures made by state primary recipients. The determination of when a federal award is expended is based on when the activity related to the federal award occurs. Generally, the activity pertains to events that require the state agency to comply with federal statutes, regulations, and the terms and conditions of federal awards. With reference to the primary government, the primary recipient expenditures are not adjusted for sub-recipient expenditures.

Notes to the Schedule of Expenditures of Federal Awards

Certain federal expenditure transactions may appear in the records of more than one state agency. To avoid duplication and overstatement of the aggregate level of federal expenditures by the State of Oklahoma, the following policies have been adopted:

- When monies are received by one state agency and distributed to another state agency, the federal expenditures are attributed to the state agency that actually expends the funds.

- When purchases of provider services between two state agencies occurs, the federal funds are normally recorded as expenditures on the purchasing state agency's records and provider service revenues on the records of the state agency rendering the services. Therefore, the receipt of federal funds related to provider services will be attributed to the purchasing agency which is the primary receiving/expending state agency.

Major programs are defined by levels of expenditures and expenses and risk assessments established in the Uniform Guidance.

C. Basis of Accounting

The accompanying schedule, in general, reports expenditures of the primary government in accordance with Generally Accepted Accounting Principles (GAAP). GAAP requires that governmental funds report revenue and expenditures using the modified accrual basis of accounting as described in the ACFR. The modified accrual basis of accounting recognizes expenditures and expenses when liquidated with current resources. The Oklahoma Department of Wildlife Conservation, Oklahoma Department of Environmental Quality and Oklahoma Water Resources Board use the accrual basis of accounting that recognizes expenditures when incurred.

Note 2. Indirect Cost Rate

Per Uniform Guidance 2 CFR § 200.510(b)(6), agencies are required to disclose whether or not they elect to use the 10 percent de minimis cost rate that 2 CFR§ 200.414(f) allows for nonfederal entities that have never received a negotiated indirect cost rate. Below is a table indicating whether the agency has elected to use the 10 percent de minimis cost rate or not:

Yes	No
Office of Management and Enterprise Services	State of Oklahoma
Department of Mines	Military Department
Office of Disability Concerns	Attorney General
State Auditor & Inspector	Oklahoma Arts Council
	Oklahoma Aeronautics Commission
	Oklahoma Commission on Children and Youth
	Department of Corrections
	Oklahoma Department of Commerce
	District Attorney's Council
	Election Board
	Commission for Education Quality & Accountability
	Oklahoma Employment Security Commission
	Governor's Office
	Oklahoma State Bureau of Investigation
	Oklahoma Dept. of Emergency Management
	Oklahoma Department of Wildlife Conservation
	Medicolegal Investigation Board
	Transportation Department

Oklahoma Space Industry Dev Authority
Oklahoma Historical Society
Office of Juvenile Affairs
Department of Libraries
Narcotics/Dangerous Drugs Control
Oklahoma Center for Science and Technology
Oklahoma Tax Commission
J. D. McCarty Center
Supreme Court
Veterans Affairs Department
Virtual Charter School Board
Oklahoma Health Care Authority
Department of Human Services

Note 3. State Unemployment Insurance Fund

Expenditures for unemployment insurance (UI), AL #17.225, include state UI funds as well as federal UI funds. The state portion of UI funds amounted to $899,435,674. The federal portion of UI funds amounted to $73,204,815. Federal UI funds expended specifically in response to the coronavirus pandemic amounted to $2,171,768,180.

Note 4. Cost Recovery of Federal Program Expenditures

During fiscal year 2021, the Oklahoma Department of Health received cash rebates from infant formula manufacturers in the amount of $20,646,635 on sales of formula to participants in the Special Supplemental Nutrition Program for Women, Infants, and Children, AL #10.557. The rebate contracts are authorized by 7 CFR 246.16a as a cost containment measure. The cash rebates are treated as a credit against prior food expenditures.

The Oklahoma Department of Transportation incurred significant expenditures on construction projects that exceeded the contract amounts approved by the federal grantor. These project expenditures are held in suspense until modified contracts are approved by the federal grantor and the expenditures subsequently reimbursed. Project expenditures totaling $4,794,800 were in suspense at June 30, 2021, and once the modified contracts are approved by the U.S. Department of Transportation an estimated 100% will be considered available.

Note 5. Audits Provided by Auditors Other Than Principal Auditor

Audits provided by auditors other than the principal auditor include:

Oklahoma Department of Commerce
Oklahoma Department of Wildlife Conservation
Oklahoma Department of Environment Quality
Oklahoma Water Resources Board

Several programs were identified as major and audited as such in the separate single audits of these entities. The schedule separately identifies programs that were audited as major programs by independent auditors of entities.

Note 6. Department of Transportation Federal Soft Match Provision

Beginning in the year 1992, the Oklahoma Department of Transportation began using the “soft match” provision of the Inter-modal Surface Transportation Efficiency Act, which allows the maintenance and

construction cost of toll facilities that serve interstate commerce to be used in lieu of state matching funds. Annually, dollars spent for major maintenance (reconstruction) of turnpikes or new construction may be added to the amount of soft match credit available for use as state match. The state's share of expenditures is deducted from the available soft match amount. Federal money would then fund 100 percent of the project from the amount that had previously been apportioned for Oklahoma's highway projects.

The Department utilized $45,629,565 of the soft match provision for projects billed during fiscal year 2021. These soft match dollars are applied to the approved construction projects when expenditures are incurred, based on the soft match percentage. It should be noted that the amount of soft match credit utilized on the progressive estimate billings submitted to the Federal Highway Administration for each project is an estimate during the course of the project. The actual amount of soft match utilized for a particular project is not determinable until the project is final and the final reconciliation and billing has been submitted to the Federal Highway Administration.

Note 7. Department of Health HIV Care Rebates

Although federal expenditures for HIV Care Formula Grants, AL #93.917, are minimal, this program also receives drug rebates to help administer the program. These rebates are not considered federal expenditures, however, they must be restricted and spent in accordance with applicable federal grant requirements. After considering these drug rebates of $18,026,487, the Oklahoma State Department of Health expended $18,416,159 during 2021 for this program.

Note 8. Child Care and Development Fund Expenditures

The Child Care and Development Fund (CCDF) provides funds to increase the availability, affordability, and quality of child care services. Funds are used to subsidize child care for low-income families when the parents are working or attending training or educational programs, as well as for activities to promote overall child care quality for all children. As a response to several naturally occurring disasters during 2019 and the coronavirus pandemic in 2020 and 2021, additional federal funds were appropriated to CCDF. The Oklahoma Department of Human Services, the primary receiving agency, expended these amounts for each CCDF program during fiscal year 2021:

Program	AL #	Total Federal Expenditures
CCD Block Grant	93.575	$129,189,407
CCDF Disaster Relief	93.575	-
CCDF Coronavirus Aid, Relief, and Economic Security	93.575	50,078,371
CCDF Coronavirus Response and Relief Supplemental Appropriation	93.575	7,607,352
CCDF America Rescue Plan supplemental	93.575	-
CCDF America Rescue Plan Child Care Stabilization funds	93.575	-
CCDF Mandatory and Matching	93.596	44,665,115
CCDF Coronavirus Aid, Relief, and Economic Security	93.596	1,810,724

Note 9. Coronavirus Relief Fund Expenditures

During fiscal year 2021, Coronavirus Relief Funds, AL #21.019, in the amount of $100,000,000, were deposited to the Unemployment Insurance Trust Fund at the Oklahoma Employment Security Commission. The Coronavirus Relief Funds were utilized to pay Unemployment Insurance benefits during the same fiscal year. The $100,000,000 in expenditures are reported under AL #21.019 on the SEFA.

Corrective Action Plan

Brandy J. Manek
Budget, Policy and Gaming Compliance
Director

OKLAHOMA
Office of Management
& Enterprise Services

STATE OF OKLAHOMA – SINGLE AUDIT

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
SFY 2021

Finding Number	Subject Heading (Financial) or ALN and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-072	21.019 – Coronavirus Relief Fund (CRF)	The State of Oklahoma has sought to create and implement best practices regarding the administration of federal grant funds, including subrecipient monitoring protocols. These best practices include the creation of a Grant Management Office, which has drafted policies and procedures for administration of federal grants including a Grant Agreement and Grant Award Notification, as well as other documents on Policies and Procedures, Risk Assessment, Subrecipient Monitoring, Maintenance of Effort and Close Out Procedures. The State has engaged a consulting team to continue Subrecipient Monitoring for CRF subrecipients. To date this effort is ongoing due to the delay in published audits many subrecipients have experienced, a problem directly attributable to the enormous influx of federal relief funds and lack of available auditors. As audits are received, they are reviewed, and follow-up meetings are held with subrecipients that have audit findings. These include on-site visits and corrective action plans for subrecipients, which has included the exchange of questioned costs with allowable expenditures.	Plan implemented in June 2021 and is ongoing	Brandy Manek
2021-084	21.019 – Coronavirus Relief Fund (CRF)	The CARES Forward team developed procedures during rapid deployment of $1.2 billion of pandemic relief funding and, later in the process, in response to findings from this body last year. The State of Oklahoma created a Grant Management Office in June of 2021 to better administer and manage all of the federal grants and relief packages received by the state. Since that time the GMO has created policies and procedures for all activities related to federal grants. The State has engaged a consulting team to continue Subrecipient Monitoring for CRF subrecipients. To date this effort is ongoing due to the delay in published audits many subrecipients have experienced, a problem directly attributable to the enormous influx of federal relief funds and lack of available auditors. As audits are received, they are reviewed, and follow-up meetings are held with subrecipients that have audit findings. These include on-site visits and corrective action plans for subrecipients, which has included the exchange of questionable costs with allowable expenditures.	Plan implemented in June 2021 and is ongoing	Brandy Manek

2021-085	21.019 – Coronavirus Relief Fund (CRF)	The CARES Forward team developed procedures during rapid deployment of $1.2 billion of pandemic relief funding and, later in the process, in response to findings from this body last year. The State of Oklahoma has sought to create and implement best practices regarding the administration of federal grant funds, including sub recipient monitoring protocols. These best practices include the creation of a Grant Management Office, which has drafted policies and procedures for administration of federal grants including a Grant Agreement and Grant Award Notification, as well as other documents on Policies and Procedures, Risk Assessment, Subrecipient Monitoring, Maintenance of Effort, Close Out Procedures and Federal Reporting.	Plan implemented in June 2021 and is ongoing	Brandy Manek
2021-091	21.019 – Coronavirus Relief Fund (CRF)	The State of Oklahoma created a Grant Management Office in June of 2021 to better administer and manage all of the federal grants and relief packages received by the state. Since that time the GMO has created policies and procedures for all activities related to federal grants. Agency expenses have been reconciled and any questionable costs were replaced with allowable expenses. GMO has added extra procedures to the review process and approval of funding to agencies / subrecipients. The State of Oklahoma does not believe a corrective action plan is needed in regard to the patient count for Nursing Homes and Long Term Care facilities as this grant has concluded and numbers were verified by the CDC. Site visits to these facilities during the height of the COVID pandemic were not allowed due to the safety concerns of the at-risk population.	Plan implemented in June 2021 and is ongoing	Brandy Manek
2021-094	21.019 – Coronavirus Relief Fund (CRF)	The reimbursed agency submitted other eligible expenditures that were not previously reimbursed and reporting has been updated to reflect the correction pursuant to the Department of the Treasury Office of Inspector General Coronavirus Relief Fund Frequently Asked Questions Related to Reporting and Recordkeeping (Revised) which provides that if a cost is deemed ineligible (in this case for duplicate funding), the state can go back and claim eligible expenses if they had any – as long as those costs were expended within the parameters of the grant. Furthermore, The State of Oklahoma has sought to create and implement best practices regarding the administration of federal grant funds, including the creation of a Grant Management Office, which has drafted policies and procedures for the administration of federal grants including protocols for requesting funds, required supporting documentation, review, approval and reconciliation.	Plan implemented in June 2021 and is ongoing	Brandy Manek
2021-080	21.023 – Emergency Rental Assistance (ERA)	Subrecipient monitoring was begun in 2020, with personnel from OMES conducting the initial notifications, risk assessments, interviews and data collection / monitoring. Due to staffing changes, there was a short lag during the switch to outsourced monitoring. The State engaged Eide Baily in FY22 to continue Subrecipient Monitoring for ERAP	Plan implemented in June 2021 and is ongoing	Brandy Manek

		subrecipient(s). Both subrecipients have undergone single audits which included review of their SEFAs and expenditures to date. Copies have been collected and reviewed as part of the subrecipient monitoring requirement. Neither subrecipient had reportable findings for FY2021. The State of Oklahoma created a Grant Management Office in June of 2021 to better administer and manage all of the federal grants and relief packages received by the state. Since that time the GMO has created policies and procedures for all activities related to federal grants.		
2021-081	21.023 – Emergency Rental Assistance (ERA)	Subrecipient monitoring was begun in 2020, with personnel from OMES conducting the initial notifications, risk assessments, interviews and data collection / monitoring. Due to staffing changes, there was a short lag during the switch to outsourced monitoring. The State engaged Eide Baily in FY22 to continue Subrecipient Monitoring for ERAP subrecipient(s). Both subrecipients have undergone single audits which included review of their SEFAs and expenditures to date. Copies have been collected and reviewed as part of the subrecipient monitoring requirement. Neither subrecipient had reportable findings for FY2021. The State of Oklahoma created a Grant Management Office in June of 2021 to better administer and manage all of the federal grants and relief packages received by the state. Since that time the GMO has created policies and procedures for all activities related to federal grants.	Plan implemented in June 2021 and is ongoing	Brandy Manek
2021-105	21.023 – Emergency Rental Assistance (ERA)	The State of Oklahoma has improved the grant making procedures to include SAM.gov exclusion and debarment checks on all subrecipients and key personnel prior to entering into a grant award. Expiration dates are kept and notification is sent to subrecipients as reminder to renew. SAM.gov checks are performed annually.	Plan implemented in June 2021 and is ongoing	Brandy Manek

STATE OF OKLAHOMA/GOVERNOR'S OFFICE
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Finding Number	Subject Heading (Financial) or ALN and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-019	**AL #84.425 – EDUCATION STABILIZATION FUND (ESF): AL #84.425C – GOVERNOR'S EMERGENCY EDUCATION RELIEF FUND**	*Anticipated Completion Date Information*: Subrecipient monitoring occurred during the performance period of the award. According to the information we have reviewed, close out documents were sent to subrecipients in August of 2021. Not all subrecipients returned these documents. In November of 2021, OMES hired two third parties to assist OMES in conducting post- award reporting on the Bridge the Gap program and the Stay in School program, in response to requests for information from the Office of the Inspector General at the U.S. Department of Education. OMES has been working with the USDOE ever since to provide additional detail and complete these requests made of the State by the USDOE. As a result we are unable to provide the SAI with a date certain by which these post-award findings will be complete. However, we will provide the SAI with those findings when they are completed. The State worked with the United States Department Of Education to develop policies and procedures for GEER II addressing the federal requirements for award which are responsive to recommendations made by the SAI. Since January 2021, the State established a Grants Management Office to address these issues in January of 2021 and has designed and implemented structures to improve relevant systems. The State continues to work with the United States Department Of Education to improve the State's policies and procedures regarding Grants Management. Note: OMES interprets federal law differently than SAI's assertion regarding an agency's ability to be a subrecipient and the manner by which a contractor may become a subrecipient. Respectfully, these are legal issues necessitating skilled legal analyses. (SEE EXHIBITS: Policies & Procedures for GEER II (Item 6 xiv and 6 xv), State Purchasing Director's Guide to Competitive Bidding for ARPA & GEER, OMES Legal Opinion dated 10/25/22) OMES acts as the GEER fiscal agent under the direction of the State Chief Financial Officer. The State Chief Financial Officer acts as the manager of all State finance and maintains direct oversight of the Grants Management Office. The	Partial GEER I monitoring activities completed in August 2021. [No anticipated completion date given for the post-award findings for GEER I]	Jennifer Fischer-Walford, Director, Grants Management Office, OMES & John Laws, Chief Financial Officer for the State of Oklahoma.

		Grants Management Office has developed a robust team dedicated to federal grant program administration. It is important to note the State Chief Financial Officer has a statewide view of each agency's budget and fiscal procedures. (SEE EXHIBIT: Policies & Procedures GEER II (Item 7) The State of Oklahoma, via the State's Grants Management Office has developed and implemented internal controls to address the risk of a subrecipient's non-compliance with federal statutes. The Grants Management Office's internal controls include, but are not limited to, (1) conducting risk assessments, (2) requiring quarterly financial reporting, (3) requiring programmatic reporting and (4) implementing corrective action plans to address deficiencies. The Grant Agreement (5) notifies subrecipients of their federal obligations and (6) further obligates subrecipients to disclose its monitoring process, its cash management processes and its audit processes before funds are transferred to support the project. Although the State contracted with an entity that purpotedly possessed foolproof systems and subject matter expertise necessary to ensure compliance with certain grant programs at issue, the entity did not meet a number of its contractual obligations, thereby resulting in certain expenditures now being called into question. (SEE EXHIBITS: Policies and Procedures for GEER II, Standard Grant Agreement.) The Grants Management Office has adopted policies and procedures ensuring its monitoring activities occur quarterly, or monthly depending on risk category, and that information is provided to ensure that all monitoring activities occur in a timely manner.		

STATE OF OKLAHOMA/GOVERNOR'S OFFICE
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Finding Number	Subject Heading (Financial) or Assistance Listing and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-060	**AL #84.425 – EDUCATION STABILIZATION FUND (ESF): AL #84.425C – GOVERNOR'S EMERGENCY EDUCATION RELIEF FUND**	*Anticipated Completion Date Information:* The FFATA report was submitted, we believe in January of 2021. We acknowledge that there are 90 subawards that were with the State Department of Education that were not included in the FFATA report submitted. We will continue to work with the State Department of Education to get that information to update the FFATA report. We hope to have this completed by the end of September 2023. The Annual Report for GEER was submitted in August of 2022. The State worked with the United States Department Of Education to develop policies and procedures for GEER II addressing the federal requirements for award which are responsive to recommendations made by the SAI. Since January 2021, the State established a Grants Management Office to address these issues in January of 2021 and has designed and implemented structures to improve relevant systems. The State continues to work with the United States Department Of Education to improve the State's policies and procedures regarding Grants Management. Note: OMES interprets federal law differently than SAI's assertion regarding an agency's ability to be a subrecipient and the manner by which a contractor may become a subrecipient. Respectfully, these are legal issues necessitating skilled legal analyses. (SEE EXHIBITS: Policies & Procedures for GEER II (Item 6 xiv and 6 xv), State Purchasing Director's Guide to Competitive Bidding for ARPA & GEER, OMES Legal Opinion dated 10/25/22) OMES acts as the GEER fiscal agent under the direction of the State Chief Financial Officer. The State Chief Financial Officer acts as the manager of all State finance and maintains direct oversight of the Grants Management Office. The Grants Management Office has developed a robust team dedicated to federal grant program administration. It is important to note the State Chief Financial Officer has a statewide view of each agency's budget and fiscal procedures. (SEE EXHIBIT: Policies & Procedures GEER II (Item 7) GEER II FFATA is currently scheduled to be completed on time.	FFATA – Anticipated Completion Date September 2023; GEER Annual Report – Completed August 2022	Jennifer Fischer-Walford, Director, Grants Management Office, OMES & John Laws, Chief Financial Officer for the State of Oklahoma.

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Finding Number	Subject Heading (Financial) or Assistance Listing and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-078	**AL #84.425 – EDUCATION STABILIZATION FUND (ESF): AL #84.425C – GOVERNOR'S EMERGENCY EDUCATION RELIEF FUND**	The State has implemented cash management policies that comply with 2 CFR § 200.305 and are included in the Standard Grant Agreement. (SEE EXHIBIT: Standard GRANT AGREEMENT) The State worked with the United States Department Of Education to develop policies and procedures for GEER II addressing the federal requirements for award which are responsive to recommendations made by the SAI. Since January 2021, the State established a Grants Management Office to address these issues in January of 2021 and has designed and implemented structures to improve relevant systems. The State continues to work with the United States Department Of Education to improve the State's policies and procedures regarding Grants Management. Note: OMES interprets federal law differently than SAI's assertion regarding an agency's ability to be a subrecipient and the manner by which a contractor may become a subrecipient. Respectfully, these are legal issues necessitating skilled legal analyses. (SEE EXHIBITS: Policies & Procedures for GEER II (Item 6 xiv and 6 xv), State Purchasing Director's Guide to Competitive Bidding for ARPA & GEER, OMES Legal Opinion dated 10/25/22) OMES acts as the GEER fiscal agent under the direction of the State Chief Financial Officer. The State Chief Financial Officer acts as the manager of all State finance and maintains direct oversight of the Grants Management Office. The Grants Management Office has developed a robust team dedicated to federal grant program administration. It is important to note the State Chief Financial Officer has a statewide view of each agency's budget and fiscal procedures. (SEE EXHIBIT: Policies & Procedures GEER II (Item 7)	FFATA – Anticipated Completion Date September 2023; GEER Annual Report – Completed August 2022	Jennifer Fischer-Walford, Director, Grants Management Office, OMES & John Laws, Chief Financial Officer for the State of Oklahoma.

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Finding Number	Subject Heading (Financial) or Assistance Listing and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-109	**AL #84.425 – EDUCATION STABILIZATION FUND (ESF): AL #84.425C – GOVERNOR'S EMERGENCY EDUCATION RELIEF FUND**	***Anticipated Completion Date Information:*** GEER II policies and procedures were implemented with the Selection Committee process starting in April of 2023. The GEER II policies and procedures will be complete as of the close out of the GEER II program, which we anticipate will occur in April of 2024, with the U.S. Treasury reporting cycle. As discussed above, the State will provide the SAI with the post-award findings for GEER I when they are complete. OMES takes exception to the calculations and determinations of the unallowable and questioned costs. OMES has made numerous attempts to recover the books and records, however some of the subrecipients, in clear breach of contract, have destroyed many of those records. OMES would welcome working with the SAI in reviewing all materials received by OMES or the SAI. The establishment of the Grants Management Office ensures that projects funded with GEER monies are administered by OMES with the experience, or access to those with experience, in administering Federal grants including knowledge of unallowed and allowable costs and the regulations related to activities supporting allowed costs. The State worked with the United States Department Of Education to develop policies and procedures for GEER II addressing the federal requirements for award which are responsive to recommendations made by the SAI. Since January 2021, the State established a Grants Management Office to address these issues in January of 2021 and has designed and implemented structures to improve relevant systems. The State continues to work with the United States Department Of Education to improve the State's policies and procedures regarding Grants Management. Note: OMES interprets federal law differently than SAI's assertion regarding an agency's ability to be a subrecipient and the manner by which a contractor may become a subrecipient. Respectfully, these are legal issues necessitating skilled legal analyses. (SEE EXHIBITS: Policies & Procedures for GEER II (Item 6xiv and 6 xv), State Purchasing Director's Guide to	GEER II policies and procedures – April 2024 [No anticipated completion date given for the post-award findings for GEER I]	Jennifer Fischer-Walford, Director, Grants Management Office, OMES & John Laws, Chief Financial Officer for the State of Oklahoma.

		Competitive Bidding for ARPA & GEER, OMES Legal Opinion dated 10/25/22) OMES acts as the GEER fiscal agent under the direction of the State Chief Financial Officer. The State Chief Financial Officer acts as the manager of all State finance and maintains direct oversight of the Grants Management Office. The Grants Management Office has developed a robust team dedicated to federal grant program administration. It is important to note the State Chief Financial Officer has a statewide view of each agency's budget and fiscal procedures. (SEE EXHIBIT: Policies & Procedures GEER II (Item 7) The State is satisfied that the published Stay in School Report accurately reflected the information available at the time it was published. Nonetheless, based on the recommendation made by the SAI, the state will discuss removing the link available on the Governor's website, although such recommendation may not otherwise be advisable.		

OKLAHOMA STATE
DEPARTMENT of EDUCATION

STATE OF OKLAHOMA – SINGLE AUDIT

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Finding Number	Subject Heading (Financial) or CFDA no. and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-018	84.425D – Elementary and Secondary School Emergency Relief (ESSER) Fund	OSDE, in partnership with a third-party consulting firm, has developed a formalized procedure for FFATA reporting that includes an established timeline and calendar notifications/reminders for the staff members involved in the FFATA process to report in timely manner in compliance with USDE requirements.	January 2023	Rick Pool

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OKLAHOMA STATE
DEPARTMENT of EDUCATION

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Finding Number	Subject Heading (Financial) or CFDA no. and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-020	10.558 - Child and Adult Care Food Program	There were risk assessment procedures in place and conducted in FY 21. The issue at hand was that the risk assessment was only completed once in that FY not three times as the procedures stated. It was also stated that the risk assessments would start in FY 22.	October 2022	Jennifer Weber

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2021-021	10.558 - Child and Adult Care Food Program	The records for those reviews were in the office. Once the audit was over, they were sent to be shredded and unfortunately that meant the months of July, August and September 21 were also shredded and those were needed for the FY 21 State audit. SAI did have record that those months and reviews were included in what was shredded, but those records were not reviewed, just noted that we had the documentation. All CACFP supporting documentation will be maintained for the entire State and Federal Fiscal Year to which they pertain. Records will be maintained for three years.	July 2021	Jennifer Weber

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OKLAHOMA STATE
DEPARTMENT of EDUCATION

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Finding Number	Subject Heading (Financial) or CFDA no. and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-036	84.425D – Elementary and Secondary School Emergency Relief (ESSER) Fund	OSDE, in partnership with a third-party consulting firm, has developed a formalized procedure for FFATA reporting that includes an established timeline and calendar notifications/reminders for the staff members involved in the FFATA process to report in timely manner in compliance with USDE requirements.	January 2023	Rick Pool

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Oklahoma Department of Emergency Management and Homeland Security

PREPAREDNESS
RESPONSE
RECOVERY
MITIGATION

October 5, 2022

RE: FY2021 Single Audit Responses

OKLAHOMA DEPARTMENT OF EMERGENCY MANAGEMENT AND HOMELAND SECURITY
STATE OF OKLAHOMA – SINGLE AUDIT

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Finding Number	Subject Heading (Financial) or Assistance Listing no. and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-041	97.036 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)	SOP 2.2.22 FFATA Reporting Process was adopted on 1/4/2022 and an additional peer review step was added to the SOP on 8/1/2022 (process steps 5.4 and 5.4.1). This step requires an accountant separate from the FFATA reporting process to review the final report for accuracy and completion prior to uploading to the Federal Funding Accountability and Transparency Act Subaward Reporting System. Additionally, FEMA issued a corrective action regarding FFATA Reporting from a joint monitoring visit that took place 8/9/2021-9/3/2021. FEMA issued a Management Decision Letter on 2/1/2022 (attached) closing the FFATA corrective action plan, based on the SOP and processes that were adopted.	2/1/22	Garrett Aldridge & Brianna Thomas

Oklahoma Department of Emergency Management and Homeland Security
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		Due to the processes that have been adopted and FEMA's willingness to close their FFATA recommendation, ODEMHS requests that this single audit finding be closed as well. Attachments provided to SAI: SOP 2.2.22 FFATA Reporting Process V 2.0; FEMA Management Decision Letter.		
2021-045	97.036 - Disaster Grants – Public Assistance (Presidentially Declared Disasters)	SOP 2.2.4 Federal Financial 425 Reporting Process was previously adopted and remedied the error. Prior to 9/30/2020 425s were completed and submitted without a financial review step. The initial 425 SOP was adopted in 10/2020 and it included a review by the CFO prior to submission but no peer review step. The process was then revised March 2021 to include a peer review process prior to final submission and the final review/approval to be completed by the CFO or Deputy CFO. The new steps include: • One Accountant completes all Disaster Grant 425 Reports • One-Two Accountant(s) complete all Non-Disaster 425 Reports • The Disaster 425 Accountant uploads all disaster 425s to SharePoint and a thorough peer review is performed by the accountant(s) that completed the non-disaster 425s • The Non-Disaster 425 Accountant(s) upload all non- disaster 425s to SharePoint and a thorough peer review is performed by the accountant that completed the disaster 425s • Once peer reviews are completed, the CFO or Deputy CFO are notified that 425s are ready for final review and approval	3/31/21	Brianna Thomas or Garrett Aldridge

		The current process was fully adopted for Quarter Reporting Period Ending 12/31/2021 (no variances noted this quarter) and has been followed for all subsequent quarters since. The SOP updated to reflect these changes was submitted for publication on 8/20/2022 and is attached. ODEMHS feels that given no variances were identified in the quarter the new process was adopted serves as proof that the correct processes are in place to ensure no errors going forward. ODEMHSs request that this Single Audit Finding be closed. Attachments provided to SAI: SOP 2.2.4 revised 8/20/2022, additional review steps are detailed in process steps 5.3-5.6.		
2021-073	97.036 - Disaster Grants – Public Assistance (Presidentially Declared Disasters)	The situation in question was due to human error. During the time that this and the prior finding occurred, the Grants Compliance Analyst position was both being developed and was experiencing turnover. It is apparent that there was a lack of proper training in both single audit review and the regulation regarding single audit tracking and monitoring. This lack of training ultimately resulted in the reviewer failing to recognize the problem finding in the sub-recipient's audit report and failing to issue the decision letter in the appropriate time frame according to the regulation. Currently, the Grants Compliance Analyst is responsible for the notification of sub-recipients who may be subject to single audit, the tracking of both the receipt of the response to that notification and the receipt of the single audit report and it's review once it is received. The tracking is completed through a process in	1/31/2023	Lisa Robinson & Brianna Thomas

		OK.EMGrants and the notification response and the audit report are uploaded and stored there. In order to prevent future occurrences, the current operating procedure is being re-evaluated for completeness to represent the current processes being utilized to track and review sub-recipient audits. The agency also plans to locate training for all employees who may be involved in reviewing sub-recipient audit reports.		

OKLAHOMA EMPLOYMENT SECURITY COMMISSION
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Finding Number	Subject Heading (Financial) or Assistance Listing no. and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-001	17.225 – Unemployment Insurance	The agency agrees with the recommendations put forth in the findings. The formal overpayments have been established for $34,483 and the remaining overpayments and tax recoveries totaling $4,461 are yet to be processed. The agency has not been successful in recovering any portion of the funds paid out for the 2 fraudulent claimants totaling $49,400, but recovery efforts are ongoing through financial institutions as a result of their fraud prevention efforts. The agency agrees that the factors listed in the finding were at the root of the cause for the high volume of fraud and claims complexity that also contributed to administrative overpayments. OESC dedicated significant effort, and we believe we were more successful than many states in effectively preventing the payment of fraudulent claims. Unfortunately, the environment created by the federal pandemic benefit programs provided ongoing opportunity for sophisticated fraudsters to develop ever-changing methods to exploit the weaknesses present during that time, and the federal government failed to respond with regulations to prevent fraud. The efforts of OESC were continual to identify trends and indicators of fraud, but we were bound by the federal guidelines for administering the programs. Since the federal pandemic programs were ended in June 2021, OESC has continued to experience high levels of fraudulent activity. The reinstatement of the 1-week waiting period and the reduction in ongoing weekly claims volume has improved the agency's success rate with stopping the payment of fraudulent claims. OESC has technology initiatives planned that are also expected to improve our success.	The efforts required for fraud prevention are not expected to end, as bad actors are expected to continually pursue new methods to exploit unemployment benefit systems in all states.	Shelley Zumwalt, Executive Director
2021-002	17.225 – Unemployment Insurance	OESC concurs with the audit finding and agrees with the recommendation. The agency would like to acknowledge the effort made to address the similar finding from the prior year. Pandemic programs were discontinued at the end of June 2021, so the agency expected to see a significant decrease in the accrual of benefits compared to the prior year. The calculation for the accrual was reviewed by Denise Edmond, Chief Financial Officer at the time, and that review failed to	Complete for fiscal 2022 reporting	Michelle Britten, Chief Financial Officer and Chief of Operations

		identify the error in the basis of the calculation that used the "Issue Date" rather than the "Check week-end date". The accrual decreased significantly compared to prior year, so it aligned with the general expectation. The agency has further refined the process for calculating Accounts Payable for the Unemployment Insurance Program to ensure that SEFA federal expenditures are accurately reported on a modified accrual basis of accounting. As referenced in the agency's response to the similar finding #2020-064 from last year, the agency worked with the IT division to obtain data files on Unemployment Insurance benefit payments on a monthly basis. The calculation of the modified-accrual Unemployment Insurance benefits payable will be determined using these monthly data files for July and August (the 2 months after the year-end date under review) and will be recorded on the GAAP Package Form Z-1.		
2021-011	17.225 – Unemployment Insurance	OESC concurs with the audit finding and agrees with the recommendation. The agency also acknowledges the importance of data integrity when reporting ETA 9128 activities and the important role such reporting plays in evaluating and monitoring the RESEA program. OESC has always had procedures in place for submitting the ETA 9128 report, as stated in response to Finding No. 2020-065 in which the agency agreed to add new steps for communicating when submitting the ETA 9128 report. The procedure now includes the process of emailing the program manager a copy of the report data to be submitted no later than 10 days prior to the due date to verify the data as being in line with the known activity for the quarter. The new procedures were implemented with the submission of the ETA 9128 report for 2nd calendar quarter of 2021 on August 20, 2021. We agree with the findings for the quarters that fall in the state fiscal year 2021 that were the subject of this audit review. We believe the new controls have operated effectively for all quarterly reports after August 20, 2021. Changes in RESEA program management effective in April 2022 have further strengthened the controls that are in place. OESC plans on continued use of the updated procedures implemented as of August 20, 2021, and the agency continues to look for opportunities to improve RESEA procedures.	Completed August 20, 2021	Sharon Smith, RESEA Program Manager
2021-012	17.225 – Unemployment Insurance	OESC concurs with the audit finding and agrees with the recommendation. Comprehensive procedures are being documented to include the detailed Information Technology (IT) steps, as well as the Tax Compliance steps for successful completion of the annual FUTA process. These procedures are expected to be complete by October 2022 to support OESC's FUTA certification process for tax year 2021.	October 2022	DeAnna Smith, Director Tax Division
2021-022	17.225 – Unemployment Insurance	The agency concurs with the finding and agrees with the recommendation. The agency acknowledges our responsibility for program integrity and proper controls for the RESEA program. Until federal pandemic programs ended in June 2021, OESC continued to encounter massive demands on staff and internal systems to deliver pandemic benefits. While the agency is committed to operating in a compliant and efficient manner, the pandemic placed a strain on the capacity of the agency, which we believe is the root cause for these findings. Agency leadership intentionally made changes in RESEA program management effective April 2022 to strengthen the leadership for this important program. To ensure	November 15, 2022	Sharon Smith, RESEA Program Manager

		proper and effective controls are in place, the agency is evaluating current policy and updating to clearly outline how to conduct, complete and document RESEA services. OESC plans to issue revised RESEA policies and procedures by October 1, 2022 and train all RESEA staff by November 15, 2022. Training will be offered as needed on an ongoing basis. Specific controls will be incorporated to address each of the findings identified. In addition, data will be reviewed quarterly to assess the effectiveness of controls, and follow-up will occur with the OESC Quality Control group to assess any corrective action needed to address their findings. The agency will continue to look for opportunities to improve RESEA procedures.		
2021-042	97.050 – Presidential Declared Disaster Assistance to Individual and Household – Other Needs	The agency concurs with the finding and the recommendation. The Lost Wages Assistance (LWA) program that was funded by FEMA was a very unusual program, and the guidance around the program was evolving quickly as the program was initiated. OESC acted quickly in the best interest of Oklahomans who continued to be negatively impacted by the economic impact of the pandemic in the July to September 2020 timeframe. The unusual nature of the LWA program introduced completely new metrics and measures for reporting. The primary focus of agency resources was on administering the payment of benefits to Oklahomans, thus leaving little capacity to develop reports for the new metrics required for the LWA weekly reports. OESC business staff ultimately utilized extracts of LWA data to produce the data elements required for the weekly reports, but the effort required was too significant to support timely submission on a weekly basis. OESC also contends that FEMA was able to monitor the ongoing dollar amount of LWA payments through their oversight of the federal account in which Oklahoma's maximum LWA funding had been set aside. As OESC issued daily benefit payments for LWA, funds were transferred from the federal LWA account to OESC to fund the payments to claimants. OESC is committed to applying lessons learned from experience with pandemic programs, including LWA for any similar benefit programs in the future.	To be determined if any similar grant is awarded to OESC in the future	Michelle Britten, Chief Financial Officer and Chief of Operations
2021-071	97.050 – Presidential Declared Disaster Assistance to Individual and Household – Other Needs	The agency concurs with the finding and the recommendation to strengthen system controls. The Lost Wages Assistance (LWA) program that was funded by FEMA was a very unusual program, and the guidance around the program was evolving quickly as the program was initiated. OESC acted quickly in the best interest of Oklahomans who continued to be negatively impacted by the economic impact of the pandemic in the July to September 2020 timeframe. With the evolving guidelines and the unusual design of the program in comparison to existing DOL pandemic benefits, the agency found it very difficult to program the antiquated mainframe to administer all elements of the LWA program. In addition, the environment created by another new pandemic benefit program provided a new opportunity for sophisticated fraudsters to exploit weaknesses present during that time. All of these dynamics contributed to these findings. OESC is committed to applying lessons learned from experience with pandemic programs, including LWA for any similar benefit programs in the future. In regard to the recommendation to reimburse FEMA for any identified LWA overpayments, OESC is involved in ongoing discussions with federal legislators, other state workforce agencies and organizations representing all	To be determined if any similar grant is awarded to OESC in the future	Michelle Britten, Chief Financial Officer and Chief of Operations

		state workforce agencies on this topic. Because OESC was following federal guidelines for administering the pandemic benefit programs, the agency is only obligated to return overpayment and fraudulent claim amounts that are recovered for all other Department of Labor pandemic benefit programs. OESC will return all recovered LWA funds to FEMA as such determinations are made. OESC has no available funding source from which to reimburse FEMA for LWA overpayments that cannot be recovered from claimants or other sources. The agency will await the conclusion of ongoing discussions regarding reimbursement obligations before taking any additional steps to secure a funding source for such unfunded amounts.		
2021-093	97.050 – Presidential Declared Disaster Assistance to Individual and Household – Other Needs	The agency concurs with the finding and the recommendation to strengthen system controls. The Lost Wages Assistance (LWA) program that was funded by FEMA was a very unusual program, and the guidance around the program was evolving quickly as the program was initiated. OESC acted quickly in the best interest of Oklahomans who continued to be negatively impacted by the economic impact of the pandemic in the July to September 2020 timeframe. With the evolving guidelines and the unusual design of the program in comparison to existing DOL pandemic benefits, the agency found it very difficult to program the antiquated mainframe to administer all elements of the LWA program. In addition, the environment created by another new pandemic benefit program provided a new opportunity for sophisticated fraudsters to exploit weaknesses present during that time. All of these dynamics contributed to these findings. OESC is committed to applying lessons learned from experience with pandemic programs, including LWA for any similar benefit programs in the future. In regard to the recommendation to reimburse FEMA for any identified LWA overpayments, OESC is involved in ongoing discussions with federal legislators, other state workforce agencies and organizations representing all state workforce agencies on this topic. Because OESC was following federal guidelines for administering the pandemic benefit programs, the agency is only obligated to return overpayment and fraudulent claim amounts that are recovered for all other Department of Labor pandemic benefit programs. OESC will return all recovered LWA funds to FEMA as such determinations are made. OESC has no available funding source from which to reimburse FEMA for LWA overpayments that cannot be recovered from claimants or other sources. The agency will await the conclusion of ongoing discussions regarding reimbursement obligations before taking any additional steps to secure a funding source for such unfunded amounts.	To be determined if any similar grant is awarded to OESC in the future	Michelle Britten, Chief Financial Officer and Chief of Operations
2021-095	97.050 – Presidential Declared Disaster Assistance to Individual and Household – Other Needs	The agency concurs with the finding and the recommendation to strengthen system controls. The Lost Wages Assistance (LWA) program that was funded by FEMA was a very unusual program, and the guidance around the program was evolving quickly as the program was initiated. OESC acted quickly in the best interest of Oklahomans who continued to be negatively impacted by the economic impact of the pandemic in the July to September 2020 timeframe. With the evolving guidelines and the unusual design of the program in comparison to existing DOL pandemic benefits, the agency found it very difficult to program the antiquated mainframe to administer all elements of the LWA program. These	To be determined if any similar grant is awarded to OESC in the future	Michelle Britten, Chief Financial Officer and Chief of Operations

		dynamics contributed to these findings. OESC is committed to applying lessons learned from experience with pandemic programs, including LWA for any similar benefit programs in the future. In regard to the "Effect" comment that monies should be returned to FEMA, OESC is involved in ongoing discussions with federal legislators, other state workforce agencies and organizations representing all state workforce agencies on this topic. Because OESC was following federal guidelines for administering the pandemic benefit programs, the agency is only obligated to return overpayment and fraudulent claim amounts that are recovered for all other Department of Labor pandemic benefit programs. OESC will return all recovered LWA funds to FEMA as such determinations are made. OESC has no available funding source from which to reimburse FEMA for LWA overpayments that cannot be recovered from claimants or other sources. The agency will await the conclusion of ongoing discussions regarding reimbursement obligations before taking any additional steps to secure a funding source for such unfunded amounts.		
2021-114	17.225 – Unemployment Insurance	The agency concurs with the finding and agrees with the recommendation. To ensure proper and effective controls are in place, the agency is implementing a data backup each month to maintain record of the data behind the ETA 9055 reports. Once the backup is implemented, current policy will be updated to include the backup procedures. The agency will continue to look for opportunities to improve ongoing ETA reporting procedures.	December 31, 2022	Michelle Britten, Chief Financial Officer
21-290-013	ACFR – Benefit Expenditures	The agency agrees with the recommendations put forth in the findings. The formal overpayments have been established for $10,907 and the remaining overpayments and tax recoveries totaling $42,962 will be completed with expediency for the 5 administrative overpayment claims. Multiple attempts have been made to recover the $49,400 paid out for the 2 fraudulent claims, and the agency will continue to pursue recovery, however no funds have been recovered at this time. Agency administration has continued to make fraud prevention a priority and has addressed the concerns and findings in this audit. The safeguards listed below are in place to mitigate fraudulent activity. Actions taken by the agency in response to unprecedented fraud during the Covid-19 pandemic include: • Currently implementing a business process technology transformation, BT40, which is transforming and updating the agency's aging technology. Fraud risk scoring has already been implemented as part of the transformation, including automated stops on claims. Future capabilities will include digital or email notices to employers, automate manual processes and provide greater visibility to the agency on potentially fraudulent activity. • Implemented safeguards for all ACH transfers or funds transfers to personal bank accounts • Reinstated one week waiting period for all claims • Implemented required training for all staff who are assisting claimants • Implemented PUA on new GovServices platform	The efforts required for fraud prevention are not expected to end, as bad actors are expected to continually pursue new methods to exploit unemployment benefit systems in all states.	Shelley Zumwalt, Executive Director

		○ Additional security checks for weekly claims ○ Additional controls to reduce the number of fraudulent claims ○ Implemented DOL requirements ○ Implemented Wage Benefit Amount functionality to improve accuracy on the amount to pay a claimant • Implemented UI Analytics & Reporting platform to improve claim processing efficiency and accuracy ○ Various mechanisms were developed and implemented to identify fraudulent claims and ensure accuracy and efficiency with processing claims ▪ Daily technical programs ▪ Crossmatching algorithms • Implemented mitigation processes and procedures to reduce and prevent fraudulent claims through all channels (mail, email) • Implemented Operational Reporting and Support • Implemented Fraud Form to provide the ability for a citizen or employer to report a fraud claim • Implemented application and infrastructure changes to increase security controls ○ Captcha implemented on main claim website ○ Logging application implemented to provide IP address monitoring • Conduent implemented account flagging to identify fraudulent activity • Implemented Digital Citizen Identify Verification application (VerifyOK) • Held multiple in person claims fairs requiring in person identity verification • Applied manual internal process controls to improve speed and accuracy of claims processing • Increased staffing and improved processes to increase capacity for mail and fax processing as part of the claims intake processes • Performed Fraud Assessment which became input into the Digital Transformation roadmap		

OKLAHOMA HEALTH CARE AUTHORITY
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Finding Number	Subject Heading (Financial) or ALN no. and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-008	93.778 Medicaid Cluster	The National Correct Coding Initiative (NCCI) edit implementation for OHCA is complete. On January 9, 2022, professional and durable medical equipment (DME) NCCI and Medically Unlikely Edit (MUE) edits were implemented into the production Medicaid Management Information System (MMIS), specifically in the Claims Xten sub-system. On May 2, 2022, outpatient institutional NCCI and MUE edits were implemented into the production MMIS, also specifically in the Claims Xten sub-system. NCCI edit updates from the Centers for Medicare & Medicaid Services (CMS) are uploaded quarterly into Claims Xten.	5/2/2022	Melanie Lawrence
2021-010	93.778 Medicaid Cluster	The OHCA will continue to utilize control processes and procedures to ensure medical claims are meeting program requirements. These processes include prior authorizations, suspended claim reviews, system edits, post payment reviews, and our payment accuracy measurement study. OHCA will also continue to update National Correct Coding Initiative (NCCI) edit updates and continue with annual spring and fall provider training to better educate our providers. Regarding the payment errors noted in this finding, the federal share will be returned on the CMS-64 report for the quarter ended 9/30/2022.	9/30/2022	Josh Richards

2021-014	93.778 Medicaid Cluster	(OKDHS Response) Investigation revealed two issues leading to this finding. The first was a need for a more effective process for addressing G1DX discrepancies. To this end, Systems staff began manually scraping case records for G1DX edits and distributing them directly to field workers and supervisory staff for resolution and auditing. This process has reduced the backlog to a fraction of the results shown in the finding. The development of this process revealed that the OMES G1DX reporting process was flawed and drawing both resolved cases and system automated actions into the auditing reports. These reports are being corrected to draw accurate results as well. (OHCA Response) OHCA Member Audit Unit has been working with OKDHS and OMES to develop a routine report that will be generated and provided monthly for evaluation. The report and other accompanying information are expected by the end of the calendar year. Once received the reports will be monitored monthly for G1DX completion for timeliness and accuracy.	Monitoring process completed, Audit Report correction 12/31/2022	Paulette Kendrick and Jeff Rosebeary (OKDHS) Ginger Clayton (OHCA)
2021-026	93.778 Medicaid Cluster	(OKDHS Response) OKDHS has a data sharing agreement that is being reviewed by the Lottery Commission to allow information on lottery winners by a Secure File Transfer Protocol (SFTP) to be received on a monthly basis. As soon as the Lottery Commission approves the terms of the agreement, OKDHS has a plan in place to make use of an existing SFTP that is already established with the Lottery Commission. The IRS failure was due to the need for security certificate update needed when OMES upgraded the Axway machine to Windows 10 from Windows 7, and the failure was logged on the transfer logs per IRS PUB 1075 guidelines, and the data was integrated into the system by workaround so there was no accrual lapse in the information exchange, only in the logging process. As soon as the certificates were updated, the process resumed as normally intended. The SSA exchange, along with other exchanges are now monitored more closely and failures will be logged by Adult and Family Services (AFS) Data Exchange Staff. (OHCA Response) OHCA has been working with OKDHS and OMES to develop a routine report that will be generated and provided monthly for evaluation. Once received, the Member Audit Unit will monitor, monthly, the completion of scheduled data exchange jobs. Failed jobs will result in a request to OKDHS to determine the appropriate remedy occurred to address the failed job.	IRS – Completed SSA/Lottery Commission - 12/31/2022	Jeff Rosebeary (OKDHS) Ginger Clayton (OHCA)

2021-028	93.767 Children's Health Insurance Program 93.778 Medicaid Cluster	(OKDHS Response) After the last PHE extension was announced, dates of redetermination were extended three months to avoid reduction and termination of benefits. Another broadcast message with the same instructions will be issued as a reminder to keep cases open during the PHE. A broadcast message will be sent out on or before August 19, 2022. The agency will follow up with Legal regarding approval of the death notice draft language. Once approved, a systems test will have to be implemented so that members who are not coded as the payee can be removed without case closure. As for the cases with no notice generated for non-death related closures, this issue has been submitted as OMES Service Request #138128. Estimated completion is October 15, 2022, for both issues. (OHCA Response) Member Audit will review case closure reasons monthly to ensure cases are only closed for allowable reasons through the end of the Public Health Emergency. Additionally, routine reviews of eligibility cases include a component to review closures for notices that meet Federal regulation requirements. The agency began gathering system requirements for a data fix on July 21, 2022, to correct issues resulting in a reduction of eligibility coverage from Needy Caretaker to Soonerplan. The system fix will be implemented upon completion of system testing. The agency placed a system fix into production on August 04, 2022, that will ensure all required household members are notified when being removed from eligibility on an open case. OHCA Member Audit will review a sample of cases from the target population to ensure that the system fix was successful.	OKDHS 8/19/2022, and 10/15/2022 OHCA 8/4/2022	Jeff Rosebeary (OKDHS) Ginger Clayton (OHCA)
2021-048	93.778 Medicaid Cluster	Program Integrity will design and implement procedures to ensure all overpayments are reported timely on the CMS-64.	9/30/2022	Josh Richards
2021-069	93.767 Children's Health Insurance Program 93.778 Medicaid Cluster	The agency placed system fixes into production on January 13, 2022, that causes income verification requests to be sent to members with household income that is determined to be unverifiable electronically due to self-employment, no reported data exchange information, and household members that have income, but no social security number reported on the application. The agency placed a system fix into production on May 26, 2022, that places household applications into a "pended" status when Federal Exchange application information is incomplete. Additionally on July 7, 2022, the agency placed another system fix into production that causes the agency application to maintain existing household information when the Federal Exchange	Completed 1/13/2022, 5/26/2022, and 7/7/2022	Ginger Clayton

		information does not include necessary tax household information. OHCA Member Audit Unit will continue to review a sample of cases from the target population to ensure that the system fix was successful. Additionally, the other routine case reviews include these components to allow for proactive identification of issues.		
21-807-010	ACFR – Accounts Payable	OHCA concurs with this finding. The error was due to a worksheet cell error. This error was corrected on October 29th, 2021, and future review will include more detailed review of supporting documents.	Completed 10/29/2021	Susan Crooke

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Finding Number	Subject Heading (Financial) or CFDA no. and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-030	10.557 – Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	The revenues and expenses balance by budget period. The grant reconciles by Federal Fiscal year not State Fiscal year therefore WIC grants will remain to appear unbalanced on the SEFA reports. Please see attached grant closeout showing where all revenue and expenses are accounted for. Actual payroll costs were charged to the grant and drawn in SFY21. The SFY21 draws were based on actual payroll costs then validated at the end of the budget period. FISCAL has been discontinued as of September 2021. OSDH implemented Time and Labor, which contains a process that ensures 513300 automatically allocates to state funds. There was an error in the PeopleSoft process that has since been corrected.	September 2022	Briana Cerny

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Finding Number	Subject Heading (Financial) or CFDA no. and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-061	10.557 – Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	OSDH is centralizing the process of audit response tracking to ensure better response times going forward. Our document and retention policy follows the Department of Libraries Records of Disposition Schedule. Procedures have been put in place to upload documentation as vouchers are processed. The purchasing procedures and governing policies were followed by OSDH staff. The person involved did not work for OSDH.	September 2022	Briana Cerny

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Finding Number	Subject Heading (Financial) or CFDA no. and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-086	10.557 – Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	This control is not applicable for future periods. As of September 2021, OSDH went to a single financial system.	N/A	Briana Cerny

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Finding Number	Subject Heading (Financial) or CFDA no. and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-091	21.019 – Coronavirus Relief Fund (CRF)	OSDH's electronic communicable disease systems were not sufficient to handle the magnitude of a widespread, long-term outbreak. The number of Covid tests being performed and processed daily overloaded the system that was in place, resulting in delays in processing payments to the vendors. Efforts were made to quickly stand-up a separate reporting and tracking system and that system continues to be developed to prevent future issues. System reviews and necessary updates will remain ongoing. These steps will ensure proper controls are in place to reconcile future specimen testing and verify payments for invoices will be accurate. OSDH's ability to verify census counts were severely limited at nursing home facilities due to visitation and other restrictions put in place during the covid pandemic. There was also the necessity to move patients to protect them when a covid outbreak would occur at their facility. These dynamics complicated the process of verifying census data at the individual facilities. OSDH will review and update as necessary our grant monitoring program to make sure that verification requirements are clearly defined, including census data for Long-Term Nursing Home applications, when applicable.	December 31, 2023	Leigh Newby & Andy Halko

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Finding Number	Subject Heading (Financial) or CFDA no. and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-096	10.557 – Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	OSDH acknowledges that responses were not often sent in a timely manner during the SFY21 audit. This was largely due to implementation of OSDH's new financial system and adjusted workloads. OSDH is centralizing the process of audit response tracking to ensure better response times going forward.	N/A	Briana Cerny

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21-340-006 (Repeat # 20-340-004)	Financial	OSDH concurs with your recommendation, and we will continue to use the SAS going forward.	September 2021	Danielle Durkee, Deputy Chief Financial Officer
21-340-024	Financial	The agency is fully on PeopleSoft as the capabilities of fiscal are not adequate for proper controls. We are working to create internal controls that will ensure timely and accurate reporting in the new system. These reconciliations will no longer be needed in the new system, but OSDH is working to get current with all recons through the end of the time fiscal was used for reporting.	September 2021	Danielle Durkee, Deputy Chief Financial Officer
21-340-027	Financial	OSDH will create internal controls that are designed specifically for public health emergencies. We will review existing procedures and make adjustments to ensure proper preparation, approval, and retention of all purchasing, receiving, and payment documentation. Any changes made will be communicated with all staff members.	Ongoing	Danielle Durkee, Deputy Chief Financial Officer
21-340-041 (Repeat #20-340-016)	Financial	OSDH concurs with the recommendations. OSDH will review procedures to ensure appropriate processes are in place for preparation, approval, and retention of all purchasing, receiving, and payment documentation. OSDH will work with asset management to ensure that the proper procedures are documented and relayed to staff.	Ongoing	Danielle Durkee, Deputy Chief Financial Officer

OKLAHOMA Human Services

DEPARTMENT OF HUMAN SERVICES
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Finding Number	Subject Heading (Financial) or Assistance Listing no. and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-014	10.551 – SNAP Cluster, 93.558 – TANF, 93.575 and 93.596 – CCDF Cluster, and 93.778 – Medicaid Cluster	The Department of Human Services concurs with the finding. In our investigation of the G1DX discrepancy reporting application that reports these edits to the field staff responsible for clearing them, a flaw was discovered that only delivered a partial list of outstanding, unresolved edits, so many were missed. It was also discovered that the system did not capture the identity of the person who marked the edit as resolved, which removed any accountability for the action. In order to resolve these issues, a number of system and procedural changes have been put in place. • The reports that are normally supplied to auditors have proven to be much more comprehensive and lack the flaws that are inherent to the reports available to the field staff. As a result, these reports have been set up to generate automatically each month and be placed in CMOD where they will be available to staff at all levels for case management and auditing purposes while the existing reports are being corrected. • The auditor reports have had fields added to indicate the identity of the person clearing the edit, when it was cleared, and how many days had elapsed between its first appearance and when it was cleared. • A comprehensive scrape of all cases within the AFS database, IMS, is performed each week to track progress on clearing the G1DX edits. The list is distributed weekly to field staff to clear, and their supervisory staff are required to do follow-up reads on a sample of each of their staff's work. • A new position of "G1DX compliance Officer" has been created at the state office level, and their responsibility is to track statewide progress on the edit handling efforts, identify areas requiring improvement, and then to collaborate with	May 30, 2022	Paulette Kendrick and Jeff Rosebeary

		leadership at all levels to obtain additional support as needed.		
2021-015	93.558 – TANF,	The Oklahoma Department of Human Services concurs with this finding. The cause for this finding stems from several changes in administration and personnel without an established process in place to ensure continuity. Responsibilities within the group were shifted and clarified, and a new person was hired to fill the position of TANF reporting specialist. This new specialist has created and documented a process that queries the entire FTANF casefile, then pulls a sample to be validated. After the validation is completed, the sample is placed in the appropriate folder to be archived for future reference. This process is being added to the group's process SharePoint so that the process, and the program requirement, will not be tied to one individual for continuity.	January 30, 2022	Paulette Kendrick and Jeff Rosebeary
2021-026	93.778 – Medicaid Cluster	(OHS Response) OHS has a data sharing agreement that is being reviewed by the Lottery Commission to allow information on lottery winners by a Secure File Transfer Protocol (SFTP) to be received on a monthly basis. As soon as the Lottery Commission approves the terms of the agreement, OHS has a plan in place to make use of an existing SFTP that is already established with the Lottery Commission. The IRS failure was due to the need for security certificate update needed when OMES upgraded the Axway machine to Windows 10 from Windows 7, and the failure was logged on the transfer logs per IRS PUB 1075 guidelines, and the data was integrated into the system by workaround so there was no accrual lapse in the information exchange, only in the logging process. As soon as the certificates were updated, the process resumed as normally intended. The SSA exchange, along with other exchanges are now monitored more closely and failures will be logged by Adult and Family Services (AFS) Data Exchange Staff. (OHCA Response) OHCA has been working with OHS and OMES to develop a routine report that will be generated and provided monthly for evaluation. Once received, the Member Audit Unit will monitor, on a monthly basis, the completion of scheduled data exchange jobs. Failed jobs will result in a request to OHS to determine the appropriate remedy occurred to address the failed job.	IRS – Completed SSA – 12/31/22	Jeff Rosebeary (OHS): Ginger Clayton (OHCA)
2021-028	93.778 – Medicaid Cluster	(OHS Response) After the last PHE extension was announced, dates of redetermination were extended three months to avoid reduction and termination of benefits. Another broadcast message with the same instructions will be issued as a reminder to keep cases open during the PHE. A broadcast message will be sent out on or before August 19, 2022. The agency will follow up with Legal regarding approval of the death notice draft language. Once approved, a systems test will have to be implemented so that members who are not coded as the payee can be removed without case closure. As for the cases with no notice generated for non-death related closures, this issue has been submitted as OMES Service Request #138128. Estimated completion is October 15, 2022, for both issues.	OHS August 19, 2022, and October 15, 2022 OHCA August 4, 2022	Jeff Rosebeary (OHS): Ginger Clayton (OHCA)

		(OHCA Response) Member Audit will review case closure reasons on a monthly basis to ensure cases are only closed for allowable reasons through the end of the Public Health Emergency. Additionally, routine reviews of eligibility cases include a component to review closures for notices that meet Federal regulation requirements. The agency began gathering system requirements for a data fix on July 21, 2022, to correct issues resulting in a reduction of eligibility coverage from Needy Caretaker to Soonerplan. The system fix will be implemented upon completion of system testing. The agency placed a system fix into production on August 04, 2022, that will ensure all required household members are notified when being removed from eligibility on an open case. OHCA Member Audit will review a sample of cases from the target population to ensure that the system fix was successful.		
2021-029	93.558 – TANF	A prior year correction in the expenditures spreadsheet was inadvertently carried forward resulting in a $10,045.00 dollar misstatement on line 19 on the ACF-196R report. CARE will be more diligent in the review process to ensure all prior year corrections are individually researched to ensure proper treatment of the related costs. We will also submit a correction to ACF-196 R on the June 30, 2022 report.	Immediate	Chris Smith
2021-037	10.542 – Pandemic – EBT (Benefits) 10.551 – SNAP Cluster	The Pandemic SNAP benefits grant (PEBT) was issued in 2020 and the information supplied by the USDA did not indicate a new grant number was associated with this funding. As a result, we initially accounted for those revenues and expenditures by using a separate subaccount within the normal SNAP grant (EBT). We later became aware that there was a specific grant for PEBT and corrected the SEFA revenue and expenditures but failed to correct the payables. It should be noted that the SEFA in total was not misstated. The accounts payable error was offset by the amounts reported in the PEBT and EBT. A revised SEFA will be submitted to OMES on 9/16/2022.	9/16/2022	Chris Smith
2021-040	93.558 - TANF	Beginning with State Fiscal Year 2022, a new cost pool was established to track and report these expenditures within our approved Public Assistance Cost Allocation Plan (PACAP). This new cost pool will provide an easier to track methodology and a higher level of transparency. Annual meetings with the Child Welfare and CARE staff have been scheduled and conducted on a quarterly basis. An annual, full review of the cost pool was also conducted for SFY2022 expenditures. Kevin Haddock and Konrad Baltes supplied the data for the SFY2022 review on 7/26/2022 and a Teams discussion was performed on July 7/27/2022 to verify all expenditures were correct for the fiscal year. To address SAI's concerns regarding modifications to the file, the CARE unit had a senior staff member suddenly retire in January of 2022. This staff member oversaw cost allocation and the establishment of methodologies and rates for every cost pool in our approved PACAP for SFY2021 and prior. When we were notified of this discrepancy, we were	Adjustments and corrections to cost allocation, the ACF-196 and grants management (draws and reporting) for CFDA 93.558 GY2018 was performed in the QE June 2022	Chris Smith

		worried that the former employee had manually modified the data. We searched the CARE unit's shared folders and determined the retired staff member was the last to save the file. It is still in its saved status in the shared folder with a date of 7/30/2021. It has not been modified in any nature since that date. A screenshot to validate this was supplied to SAI. Also, an email from Kevin Haddock in CWS was embedded in a forwarded email to SAI which originated on 7/26/2021. This was to present the data to SAI and show it had not been modified from the original source. The forwarded email from 7/26/2021 showed the beginning raw data for the expenditures which was properly retrieved by CWS staff. That raw data was sent to the former employee via Teams chat on 7/26/2021. It seems that the errors were made by the former employee in the spreadsheet at this time. These errors established the blended rate of 49.43%. As stated, the file was saved as of 7/30/2021. We will continue to work with OMES to ensure that no other modifications were made to the file. Expenditures from the accounting error were corrected as adjustments (Schedule #16) in the Quarter Ending June 2022 cost allocation, TANF ACF-196, and all grants management (draws and reports). The total of the adjusted expenditures was $1,240,100. With the new internal controls put in place during SFY2022, future errors will be identified and corrected upon the original reporting.		
2021-046	93.558 – TANF	The Oklahoma Department of Human Services begun a restructure of the entire statewide TANF staff. As of May 1, we began vertically integrating the TANF Staff under the supervision of 2 Field Managers in order to bring greater consistency in policy, procedure and service delivery to our families. Through this vertical integration it is believed TANF State Audit findings in general, should begin to be minimized through these efforts beginning September/ October 2022. We will be conducting an all TANF staff back to basics training addressing the 60 month time limitation, and the importance of utilizing the CWA57 report to begin addressing the hardship extensions in the 60th month. We will also discuss with staff when a TW-24 should be completed vs. a TW-25 and the importance of getting it submitted to State Office for approval without delay. The entire TANF unit training will be conducted by September 30, 2022.	09/30/2022	Paulette Kendrick
2021-049	93.558 – TANF	As part of our overall corrective action plan, we have begun a restructure of the entire statewide TANF staff. As of May 1, we began vertically integrating the TANF Staff under the supervision of 2 Field Managers in order to bring greater consistency in policy, procedure and service delivery to our families. Through this vertical integration it is believed TANF State Audit findings in general, should begin to be minimized through these efforts beginning September/ October, 2022. We will conduct an additional training to staff regarding when to input appropriate authorizations, time frame as to which those should stay on the system as well as inputting TANF Work hours accurately and timely. This training will be complete by September 30, 2022.	September 30, 2022	Paulette Kendrick

2021-053	93.558 – TANF	Only persons who are receiving a TANF benefit and have completed TANF assessments may be referred to the OSRHE TANF Program. Therefore, no person could have participated in an OSRHE education and training program without being a current TANF Work participant. In the sample of cases reviewed, the caseworker failed to input a proper TANF Work Authorization. Some program funds may be used as part of the OSRE retention process in assisting a TANF participant in the first year of employment with supplies/ work helps to be able to allow them to retain retention. In these case, a TANF Work authorization would not be found, however, those expenses are documented with OSHRE and are designated as such within the invoicing practices. The OKDHS concurs that we did not properly enter the information into the DSD mainframe. We have begun a restructure of the entire statewide TANF staff. As of May 1, we began vertically integrating the TANF Staff under the supervision of 2 Field Managers in order to bring greater consistency in policy, procedure and service delivery to our families. We will be conducting an all TANF staff back to basics training addressing the importance of ensuring a TANF Work Authorization is opened as soon as the TANF Participant begins the OSRHE program. We have a large number of new staff still being put into place and we will address this in training for the entire TANF unit by September 30, 2022.	September 30, 2022	Paulette Kendrick
2021-059	10.551 – SNAP Cluster	Federal regulations do not require clients to indicate their receipt of an EBT card. The pandemic social distancing requirements forced changes in the way cards are issued. The OKDHS has updated its 2022 EBT Handbook removing the section requiring clients to sign for their cards. The Daily Card Issuance Report, 10EB002E, has also been updated so that clients do not sign for their cards. As a part of keeping and maintaining the security of EBT cards, the EBT Specialist in each office signs at the bottom of the report that they attest that they verified the identity of each cardholder on the report unless the card was mailed to the cardholder. There is a place on the report for the EBT Specialist to signify if the card was mailed or not. The updated 2022 EBT Handbook still requires that when card stock is moved between offices there must be a record of this transfer kept by both offices, the transferring office and the receiving office. AFS leadership will remind their staff to document all card stock transfers in the appropriate places in upcoming training. During the pandemic, it was not always possible to have two people together to sign off on the destruction and some concessions were made; however, EPS developed and now uses a centralized digital Destruction Log for all locations to use and now offices can and should be able to provide dual signatures. This log allows for digital signatures so staff can use Teams to work together. OKDHS will begin requiring Field managers (FM) to monthly do an EBT audit on security of card stock and card destruction log. All FMs will have read only access to the EPPIC system so they can randomly check their offices destruction report for compliance. The EPS staff will conduct a training on how this is done.	Changes to the issuance and destruction logs were made on 6/7/2021. Training is underway and ongoing throughout SFY 2023.	Thomas Pennington

		Federal regulations dealing with the security of the card stock requires that the card stock be kept in a secure location and access be limited to authorized personnel. The updated 2022 EBT Handbook states this and places the responsibility of maintaining this security upon the Field Manager of each location. OKDHS maintains that the keys being kept in a drawer behind a locked door in reception is considered secure since only authorized OKDHS staff housed at that location have access to that reception area. It is not feasible nor practical for the keys to be locked in a drawer then the drawer to be locked and that key kept somewhere else that is locked.		
2021-062	10.542 – Pandemic – EBT (Benefits)	The PEBT program was rolled out as an emergency response to the Pandemic with limited guidance. The FNS-46 and the FNS-388 were prepared with the best information available and submitted timely. We later discovered that they were in fact understated and working with our Federal partners, corrections were made in December of 2021. These amendments corrected the underreported amounts. The OKDHS also added a second review to this reporting process to improve the control environment. The FNS 292 submitted by the SNAP Policy Unit omitted issuances that were issued from 8/19/2020 through 8/31/2020. Some of those issuances were reported in the subsequent reports for Sept 2020; however, not all issuances that were reflected. Due to the difficulty in gathering bi-weekly data the report was converted in Oct 2020 to a monthly report. This was the initial issuances for the P-EBT program. The process to issue P-EBT was quickly developed as well as the reporting automated with limited or minimal guidance. We have since reassigned the data gathering to a SNAP reporting specialist who has refined our reporting tools to further validate our data supplied monthly to the SNAP Unit and Finance for the creation of the reports in questions to ensure the accuracy and reliability of the information provided. We believe this has since been resolved; however, we continue to securitize our processes and data monthly to maintain accuracy in our reporting.	December 2021	Sondra Shelby and Jamey Hughes
2021-064	93.558 – TANF	A Directive came from OCSS to not penalize TANF recipients for non-cooperation during this period due to the pandemic. Non-Coop penalties have now been restored within DHS. In the future, The OKDHS will not waive non coop penalties unless directed to do so by federal awarding agencies.	July 15, 2022	Paulette Kendrick
2021-065	93.558 – TANF	We have begun a restructure of the entire statewide TANF staff. As of May 1, we began vertically integrating the TANF Staff under the supervision of 2 Field Managers in order to bring greater consistency in policy, procedure and service delivery to our families. Through this vertical integration it is believed TANF State Audit findings in general, should begin to be minimized through these efforts beginning September/ October, 2022. We will be conducting an all TANF staff back to basics training addressing all applications, renewals and FSS-1B must have signed documents uploaded in the case record and not left in disc image. We have a large number of new staff being put into place and will address this to the entire TANF unit prior to September 30, 2022.	September 30, 2022	Paulette Kendrick

2021-066	93.558 – TANF	The all staff TANF Academy has already been revamped to include an in depth child support training conducted jointly by both TANF Subject Matter Experts and OCSS Child Support Subject Matter experts explaining every piece of the process for completing the child support paperwork, assignment, and good cause exemptions within the child support process for TANF. The first TANF Academy was held on June 8, 2022. All TANF staff attended and specific child support training was conducted. The joint Child Support training will continue at each TANF Academy moving forward. All new staff just onboarding and future staff will also receive this same training at each TANF Academy.	*June 9, 2022*	Paulette Kendrick
2021-067	93.558 – TANF	As part of our overall corrective action plan, we have begun a restructure of the entire statewide TANF staff. As of May 1, we began vertically integrating the TANF Staff under the supervision of two Field Managers in order to bring greater consistency in policy, procedure and service delivery to our families. We will be conducting an all TANF staff back to basics training addressing uploading the ACES Screens at all applications and renewals when reviewed as well as documenting in case notes. As we have a large number of new staff still being put into place, we want to be able to address this to the entire TANF unit at the same time. We will these audit findings in Statewide training prior to September 30, 2022.	September 30, 2022	Paulette Kendrick
2021-068	93.558 – TANF	With the introduction of a new allocation methodology and a new TANF state plan, these expenditures flow through the agency cost allocation through Cost Pool 612. While this has been an established cost pool for many years, updates had to be made in the Public Assistance Cost Allocation Plan (PACAP) to accommodate the changes. The tracking methodology to prove eligibility of TANF coverage for the expenditures had to be developed quickly and includes Medicaid, SNAP, TANF, and Childcare clients. The agency put together a plan to gather all of this client data from the various eligibility systems. This process will have more established internal controls in future fiscal years as the new allowability thresholds are tracked and analyzed. The $8,527,345 in SFY21 was very likely a low and conservative amount of TANF coverage for the total expenditures of $17,271,587 in the delivered services and activities.	7/1/2021	Kevin Haddock
2021-076	93.558 – TANF	This failure was due to the need for security certificate update needed when OMES upgraded the Axway machine to Windows 10 from Windows 7. The failure was logged on the transfer logs per IRS PUB 1075 guidelines, and the data was integrated into the system by workaround so there was no actual lapse in the information exchange, only in the logging process. As soon as the certificates were updated, the process resumed as normally intended.	March 2022	Jeff Rosebeary
2021-079	93.575 and 93.596 – CCDF Cluster	The Oklahoma Department of Human Services will develop and implement mandatory internal training regarding policy requirements when completing the Child Welfare Child Care Benefits Application.	September 30, 2022	Jenny Countess
2021-088	93.558 – TANF	Specific training was conducted on 6/09/2022 at the all TANF staff TANF Academy which included the Deputy Director of Programs, the new TANF Centralized Unit Field Manager, all TANF Supervisors and all TANF Case managers.	06/09/2022	Paulette Kendrick

2021-089	93.575 and 93.596 – CCDF Cluster	Monitoring checklists and summary reports are not sufficiently designed to allow a reviewer to see what has been observed and correcting this will require changes to our third party system. The level of effort required on the part of our vendor is unknown at this time and the status of contract renewal as well. These changes require coordination with other entities outside of our division since OMES duplicates the data for reporting. The division is developing a new training module and planning to develop a data tracking system to assist with ensuring job tasks are completed as required. Our leadership team will coordinate a meeting with our internal training unit to establish a more robust training module to ensure we begin to increase compliance. It is our expectation that these new systems and training will be in place before 3-1-23.	3/1/2023	Dione Smith
2021-099	93.658 – Foster Care	We concur that two of the contracts did not contain the sub-recipient's unique entity identifier. We will address this within 180 days. We do not concur with the balance of the bulleted finding points. Title IV-E foster care funds are awarded to the State of Oklahoma as an open-ended entitlement grants through single-year appropriations. Specifically, the program permits Title IV-E agencies to claim reimbursement for a portion of foster care expenditures for children who are removed from the home, placed in foster care, and meet other eligible requirements. As these grants are open-ended, there are no set limits on funding and we provide services based solely on eligibility. Appropriations are based on prior quarter expenditures, trends, and any other appropriate information but there is no limit on Federal funding. Because of the design of this program, it is impossible to specifically comply with 2 CFR section 200.332 (v), (vi), (vii), (viii), and (ix). It is important to note in this case that 2 CFR section 200.332 (a) states "When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward." The sub-recipient contract specifies the services that are to be provided for this grant and since the amount is open-ended, that is the best information available. Supporting documentation monitors the amounts obligated and provided to all sub-recipients. The risk assessment is based on the prior year performance. One contract selected by the auditors to test the risk assessment was new in State Fiscal year 2021 and as such, there was no prior year or 2020 activity to review. The other contract was a sub-recipient that not used during 2020 so there was no activity to review.	March 31, 2023	Kevin Haddock
2021-100	93.659 – Adoption Assistance	• The auditor found that DHS was not following procedure for reviewing applications. The control narrative the department submitted to SAI states below. *The Department has no formal policy requiring supervisory reviews of eligibility determinations. However, the Post Adoption Services Section reviews all Adoption Assistance Applications for the State of Oklahoma. Eligibility determinations are reviewed at two levels with initial review made by a Program Field Representative or Program Manager I and final review by the*	10/31/2022	Kevin Haddock

		Programs Manager II. The Administrator of the Prevention, Protection and Post Adoption Unit may also review. The Custody Specialists are responsible for the eligibility determinations. Access to electronic case files is limited to appropriate personnel by the use of computer passwords. Also, physical files are maintained in a secured area. Post Adoptions reviews all applications with no secondary review and Eligibility Determinations are reviewed at two levels. We believe that the auditor mistakenly assumed that the application then must be reviewed at two levels which is not correct. • The auditor noted 16 cases with no background and registry checks. The documentation that was provided to the auditor includes information that all background checks were completed and all checks were clear of IV-E ineligible records. These system reports are difficult to read and follow but the information was provided. • The auditor found that one case that the DOC amount didn't match the amount paid. DHS concurs and will get the needed documentation to support this cases payment amount or make appropriate adjustments according ACF policy. • The auditor noted 11 cases where the negotiated amount of subsidy didn't match the amount being paid. This is because the state is allowed to increase adoption assistance rates without renegotiation when the foster care rates are increased across the board. There was an increase to the foster care rate effective July 1st, 2018 and the adoption rates were subsequently increased without a renegotiation from the adoptive parents. This doesn't constitute an error. • The auditor found 33 cases where an annual review letter was not in the file. This is true but only reflects the responses from the adoptive parents. This finding implies that the annual review response from the adoptive parent is a reflection on continued eligibility but that is false. There are very clear and stringent circumstances in which the state can terminate or suspend an adoption assistance agreement and the client's failure to submit the annual review is not an acceptable criterion. Therefore, these cases remain IV-E eligible.		
2021-101	93.658 – Foster Care	There are four key issues noted in the auditor's findings. Given the public nature of this document, case level explanations will be not be provided to maintain confidentiality. • The auditor's determined that six cases did not contain proper documentation to support the eligibility. DHS has started using OnBase for document storage which required IV-E eligibility cases to go from paper to digital. During the scanning of these documents some images are grainy and unclear and those were recreated to be legible. The original screen shots were in the case but more legible versions printed at the time the	12/31/2022	Kevin Haddock

		file was prepared for SAI. The legible screen shots provided, albeit printed after the fact, does show proper eligibility for each of the six cases. Furthermore, the Title IV-E Foster Care Eligibility Review Guide states that AFDC determinations can be made after the fact even if the original determination was found to be in error. • The auditor's determined that the DOC payments didn't match the documentation in the file for six cases. Although some information pertaining to the DOC decision may be in the foster parent file, the child's file actually contains this documentation. DOC determinations were not specifically supplied to the auditor since that has no bearing on the child's or foster parent's eligibility. • The auditor determined there was one case that didn't contain a child abuse and neglect registry check. It is true that the child abuse and neglect registry check was not documented in the standard fashion; however it is addressed in the home study narrative which clearly documents that the checks were done and addressed properly. DHS will work with staff and providers to ensure that consistent documentation is done for each case. • The last item related to the redeterminations of foster home eligibility. The auditor used contract date instead of approval date and correcting this would resolve some of these exceptions. Oklahoma is a state that provides approvals for foster homes that is continuous until action is taken either by DHS or the foster parent the home remains open and approved. The failure to perform these redeterminations is an Oklahoma policy violation but does not impact the eligibility of the home. There should not be any questioned costs associated with the redetermination process. We will work with Foster Care staff to improve the timeliness of the determinations and comply with Oklahoma Policy.		
2021-106	10.656, 10.568, and 10.569 – Food Distribution Cluster	The Oklahoma Department of Human Services has controls in place to reconcile the SEFA to actual cash funding from Federal grants; however, the USDA pays the food suppliers directly for the food sent to the distribution centers and the related cash does not flow through the DHS accounting system. As a result, our normal control process did not provide coverage for this grant. We obtain the information for reporting these expenditures on the SEFA from the USDA's WBSCM system. In this case, the amount we reported included all food orders for the year and this included food that was in transit and not yet received by the distribution centers. As a result, we have added a step in the preparation of the SEFA to perform a second level review of the data from the WBSCM system to ensure all amounts reported are based on delivery dates.	Fiscal Year 2022	Gina Kazerooni
2021-107	93.667 - SSBG	As of the start of State Fiscal Year 2021, a new case management tracking system via SalesForce was implemented. This system will immediately identify any cases which were assigned incorrectly and has all the needed codes to ensure accuracy. The case management	Effective 7/01/2021	Reza Zeinalpour and Chris Smith

		team in Adult Protective services performs due diligence on all cases where the alleged victim is unable to be found.		
2021-110	93.667 - SSBG	The Oklahoma Department of Humans Services has already added specific documentation to the Social Services Block Grant Intended Use State Plan; including how the RMTS methodology is used to determine eligibility. This methodology was approved for use in the A-06-21-66957 SSBG ADL and A-06-20-6277 SSBG ADL management decision letters from the ACF Audit Resolution staff. We are further submitting an amendment to the PACAP plan with our next update in the Quarter Ending September 2022 which will describe how the RMTS methodology will be used within this process.	12/31/2022	Chris Smith
2021-112	10.565, 10.568, and 10.569 – Food Distribution Cluster	The OKDHS will modify its sub-recipient agreements and related documentation to ensure the ALN is included. This will be performed at the conclusion of the USDA ME process beginning in October 2022. Additionally, we have designed a process to formalize and document the risk assessments to provide evidence that the process is timely and properly performed.	Fiscal year 2023	Gina Kazerooni

OKLAHOMA Transportation

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OKLAHOMA DEPARTMENT OF TRANSPORTATION
STATE OF OKLAHOMA – SINGLE AUDIT

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
SFY 2021

Finding Number	Subject Heading (Financial) or Assistance Listing no. and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-025	20.205 – Highway Planning and Construction	Contract Compliance Division was created in March of 2022. A major function of the Division is to establish, support and ensure adequate subrecipient monitoring of ODOT administered federal programs. Policy was adopted 7/26/2022.	Implementation is ongoing.	Jennifer Hankins, Contract Compliance Division Manager
2021-051	20.205 – Highway Planning and Construction	The Quality Assurance / Independent Assurance process will be modified to provide for an alternate for performance or review / approval in the event of an absence. Effective immediately. Materials certification procedures are currently in place. We plan on providing training and awareness through the annual Resident Engineer Academy training and the monthly District Engineer meeting to emphasize required steps for the materials certification documentation.	8/17/2022	Matt Romero, Materials Division Engineer and Shawn Davis, Director of Operations
2021-077	20.205 – Highway Planning and Construction	We have reviewed and revised our procedures and instructions to ensure closed projects are processed in a timely basis.	August 5, 2022	Eric Rose, Finance Supervisor / Robert Hackney, Project Finance Manager
2021-017	20.509 - Formula Grants for Rural Areas	Multi-Modal will update the single audit spreadsheet by the date identified, and ongoing throughout the year, to know audit type required by each subrecipient. Contract Compliance Division will complete a risk assessment with each subrecipient by 12/31/2022. An employee has been tasked with this responsibility. In addition, Multi-Modal and Contract Compliance Division now share office space and ease of communication is increased.	9/30/2022, Multi-Modal Division – Single Audit Tracking Sheet and 12/31/2022, Contract Compliance Division Risk Assessment	Jared Schwennesen, Multi-Modal and Jennifer Hankins, Contract Compliance
2021-044	20.509 - Formula Grants for Rural Areas	We will review actual payroll charges to the program and reduce reimbursement cost by the ineligible reimbursed amounts.	October 31, 2022	Sam Ddamba, Assistant Comptroller

Finding Number	Subject Heading (Financial) or Assistance Listing no. and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-058	20.509 - Formula Grants for Rural Areas	We will review and revise our procedures and instructions for both preparation and the review process. Staff will be trained by September 2, 2022.	September 2, 2022	Sam Ddamba, Assistant Comptroller / Robert Hackney, Project Finance Manager
2021-082	20.509 - Formula Grants for Rural Areas	We have reviewed and revised our policies and procedures for time entry and approval roles to ensure separation of duties. Appropriate backup roles have been identified and procedures have been documented.	August 11, 2022	Kyle Stevens, Manager of OMPT
2021-108	20.509 - Formula Grants for Rural Areas	The Department agrees with the need to provide proper training to the staff. Arrangements are in the works to provide subrecipient monitoring and proper internal controls related to the findings. Staff training is anticipated to occur within the next 60 days. Currently, the Department is working with the subrecipient and FTA to determine the method and duration of repayment.	September 19, 2022	Kyle Stevens, Manager of OMPT and Chelley Hilmes, Director of Finance

JOEL G. KINTSEL
EXECUTIVE DIRECTOR

J. KEVIN STITT
GOVERNOR

STATE OF OKLAHOMA

DEPARTMENT OF VETERANS AFFAIRS

OKLAHOMA DEPARTMENT OF VETERANS AFFAIRS
STATE OF OKLAHOMA – SINGLE AUDIT

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
SFY 2021

Finding Number	Subject Heading (Financial) or Assistance Listing no. and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-111	64.015 – Veterans State Nursing Home Care	The Oklahoma Department of Veterans Affairs has implemented a filing system since FY21. There is a designated location for purchasing records and a designated individual for removing files from a former employee's office. Files are clearly labeled to be easily identifiable.	Immediately	Lisa White

Summary Schedule of Prior Audit Findings

Brandy J. Manek
Budget, Policy and Gaming Compliance
Director

OKLAHOMA
Office of Management
& Enterprise Services

ALN: 21.019
Finding No: 2020-80, 2020-81, 2020-83
Federal Program Name: Coronavirus Relief Fund
Status: Not Corrected

Regarding FY 2021 repeat audit findings, they now have corrective action plans in place. The FY 2020 audit began sometime in January of 2021, well into fiscal year 2021, and in fact was not uploaded to the Federal Audit Clearinghouse until August 11, 2021, fiscal year 2022. Due to the prolonged timeframe for FY 2020 to be completed and for our team to be aware of findings, there was little time to initiate the corrective action plans for the current (FY 2021) year, thereby ensuring that there would be repeat findings.

The repeat findings are primarily to do with internal controls relating to documentation of goods received and subrecipient monitoring. As we have stated in past management responses, extenuating circumstances due to the chaotic nature of a global pandemic created a less than perfect system for ordering and receiving necessary supplies to combat COVID-19. We instituted policies and procedures for reviewing supporting documentation, prior to payment, ensuring that not only was there proof of payment but also proof of receipt. CARES FORWARD feels that we have adequately addressed the findings related to receiving items and consider this corrective action plan complete.

As for subrecipient monitoring, we acknowledge that there was a void created with personnel turnover at OMES which ultimately led to outsourcing the monitoring component. Subrecipient monitoring is ongoing to date. CARES FORWARD feels that we have adequately addressed the findings related to subrecipient monitoring and consider this corrective action plan complete.

Finally, the state took extraordinary steps to ensure that federal funds would be managed judiciously and with the upmost care, by creating the Grants Management Office. The Grants Management Office has drafted policies and procedures for administration of federal grants using best practices and following the Code of Federal Regulations.

JOY HOFMEISTER
STATE SUPERINTENDENT *of* PUBLIC INSTRUCTION
OKLAHOMA STATE DEPARTMENT *of* EDUCATION

FINDING NO: 2020-002 (Repeat 2019-058)
AL NO: 10.558
FEDERAL PROGRAM NAME: Child and Adult Care Food Program (CACFP)
ANTICIPATED COMPLETION DATE: October 2020
STATUS: Not Corrected

Corrective Action Planned: A checklist was developed based on information obtained from the State auditor of required documentation that is needed. The information for the checklist was received from Stephanie on May 19, 2020. While getting the new checklist ready for the field staff I had questions so Stephanie Orsburn and I spoke in early July and then the new spreadsheet was sent to the consultants which by that time several of these reviews had already been conducted prior to the field staff receiving the list of needed supporting documentation. Any reviews conducted in FY 20, October 1, 2019 – September 30, 2020 did contain the required supporting documentation. The issue is with the overlap of the audit year. Reviews conducted in FY 19, July 2019 – September 2020 did not have supporting documentation. FY 21 reviews will continue to have supporting documentation. Desk reviews are also conducted on reviews when submitted as they always have been.

Auditor Response: OSDE was aware of the need to obtain supporting documentation and the type of documentation needed for the Family Day Care Home Administrative Reviews (AR) well before the SFY 2020 audit cycle began. This is the third consecutive audit period that SAI has issued a finding with a material weakness and compliance issue related to the Family Day Care Home Administrative Reviews (AR). The appliable prior year audit findings are finding # 2018-034 and #2019-058. The type of supporting documentation needed to confirm the information recorded in the ARs has been communicated to OSDE in the prior audit periods. In addition, SAI provided OSDE with the supporting document requests for each FDCH AR included in our SFY 2019 FDCH AR sample; OSDE sent the requests to the Sponsors and had the Sponsors send the supporting documentation to SAI. At that time, during the SFY 2019 audit, SAI informed Ms. Weber that OSDE would have the responsibility to request, obtain, and maintain the support for all future audit periods.

Also, if processes or requirements change at all, it should be OSDE's responsibility to adapt their checklist to ensure they obtain appropriate support.

FINDING NO: 2020-004
AL NO: 84.027; 84.173
FEDERAL PROGRAM NAME: Special Education IDEA, Part B
ANTICIPATED COMPLETION DATE: May 2021
STATUS: Not Corrected

Corrective Action Planned: Districts participating in a COOP/Interlocal that have chosen to transfer their IDEA Part B Allocation to the lead LEA had not received an Allocation Notice showing their allocation.
We have contacted our vendor, who provides the online Allocation Notice, and have requested all Allocation Notices be provided prior to the transfer of funds. This procedure has been implemented. We will also be including in our procedures the review of Allocation Notices.

FINDING NO: 2020-005 (Repeat 2019-011)
AL NO: 84.010; 84.367
FEDERAL PROGRAM NAME: Title I Grants to Local Educational Agencies; Supporting Effective Instruction State Grant
ANTICIPATED COMPLETION DATE: April/May 2021
STATUS: Not Corrected

Corrective Action Planned: The Office of Federal Programs concurs with the state audit non-reportable finding. This is a vendor error in the Grants Management System (GMS). The Office of Federal Programs is working with GMS to correct this issue to reflect the funds that are REAPed.

The Comptroller's Office concurs with the finding pertaining to the missing indirect cost rate. The district is North Rock Creek. Upon review, it was determined that the omission occurred due to the change in status of North Rock Creek from C (Dependent district) to an I (Independent district) and the IDC listing that is used to upload the rates did not pick it up. Although it is an isolated incident, OSDE will take steps to prevent these errors from happening in the future.

FINDING NO: 2020-006
AL NO: 84.010
FEDERAL PROGRAM NAME: Title I Grants to Local Educational Agencies
ANTICIPATED COMPLETION DATE: April 15, 2021
STATUS: Corrected

FINDING NO: 2020-007 (Repeat 2019-057)
AL NO: 10.558
FEDERAL PROGRAM NAME: Child and Adult Care Food Program (CACFP)
ANTICIPATED COMPLETION DATE: October 2022
STATUS: Not Corrected

Corrective Action Planned: This is an ongoing process see each response for the bullet items.
1st bullet – We currently do conduct desk reviews when these reviews are submitted by the field staff. The 4 of the 15 instances were oversights that were unfortunately not caught during the desk review.
2nd bullet – This was an obvious oversite on the field staff. This has been discussed with all field staff in our May 2021 staff meeting.
3rd bullet – When conducting an SD review follow-up we didn't assess additional fiscal action or disallow more meals. If during the SD follow-up the SD items were not fully and permanently corrected we moved straight to propose to terminate and propose to disqualify. This was for FY 20, in FY 21 we are not longer doing SD follow-up reviews.

FINDING NO: 2020-008
AL NO: 10.559
FEDERAL PROGRAM NAME: Child Nutrition Cluster
ANTICIPATED COMPLETION DATE: January 2021
STATUS: Corrected

FINDING NO: 2020-009 (Partial Repeat 2019-007)
AL NO: 84.010 & 84.367
FEDERAL PROGRAM NAME: Grants to Local Educational Agencies; Supporting Effective Instruction State Grant
ANTICIPATED COMPLETION DATE: July 2020
STATUS: Corrected

FINDING NO: 2020-010
AL NO: 84.367

FEDERAL PROGRAM NAME: Supporting Effective Instruction State Grant
ANTICIPATED COMPLETION DATE: June 2021
STATUS: Partially Corrected

Corrective Action Planned: The district mentioned in the findings was Billings. Billings was marked as accredited with a warning but on the deficiency report they are marked as having 1 deficiency. This is a mistake on our part. It should have been reported on the deficiency report as being accredited with a warning due to the same deficiency being marked for two years. We will get this corrected, as well as implement further strategies to ensure that any discrepancies identified are corrected immediately and this type of situation does not happen again.

FINDING NO: 2020-011 (Repeat 2019-042)
AL NO: 10.553; 10.555
FEDERAL PROGRAM NAME: Child Nutrition Cluster
ANTICIPATED COMPLETION DATE: SY 21-22
STATUS: Not Corrected

Corrective Action Planned: This was brought to our attention in a USDA ME conducted in March 2021. We are currently still waiting for the formal report to see how USDA wants us to address this issue going forward with any that were done incorrectly. Based on a preliminary report we have developed an excel spreadsheet that will figure the percent change for us unlike how it has been done the last 20+ years. This will ensure that the extensions are figured correctly, and all documentation is collected for these extensions. If a school does not qualify for an extension they can then go back to traditional counting and claiming or re-establish a new base year. Training of staff has already taken place.

FINDING NO: 2020-012
AL NO: 84.010; 84.367
FEDERAL PROGRAM NAME: Grants to Local Educational Agencies; Supporting Effective Instruction State Grant
ANTICIPATED COMPLETION DATE: January 2021
STATUS: Corrected

FINDING NO: 2020-013
AL NO: 84.010; 84.367
FEDERAL PROGRAM NAME: Grants to Local Educational Agencies; Supporting Effective Instruction State Grant
ANTICIPATED COMPLETION DATE: June 2021
STATUS: Not Corrected

Corrective Action Planned: The Office of Federal Programs concurs with the state audit non-reportable finding. In order to strengthen OSDE procedures related to risk assessment scoring to ensure that prior year non-compliant sites are appropriately monitored the following point has been added to our FY22 monitoring procedures:

Step 1, point 2. e.
Leadership will jointly review scoring and underlying data used in risk assessment to verify choice of districts to be monitored and site monitored.

Furthermore, per current procedures, LEAs found to be non-compliant are awarded either five or ten points in risk assessment – five points if found to be non-compliant in fewer than ten areas and acceptable Corrective Action Plans were submitted within the allotted timeframe, or ten points if the LEA was found to be non-compliant in ten or more areas, or was not in compliance and failed to submit acceptable Corrective Action Plans within the allotted timeframe.

FINDING NO: 2020-014
AL NO: 84.010

FEDERAL PROGRAM NAME: Grants to Local Educational Agencies
ANTICIPATED COMPLETION DATE: June 2020
STATUS: Corrected

FINDING NO: 2020-015 (Repeat 2019-064)
AL NO: 84.010, 84.367
FEDERAL PROGRAM NAME: Grants to Local Educational Agencies; Supporting Effective Instruction State Grant
ANTICIPATED COMPLETION DATE: April 2021
STATUS: Corrected

FINDING NO: 2020-018 (Repeat 2019-049)
AL NO: 84.010
FEDERAL PROGRAM NAME: Grants to Local Educational Agencies (LEAs)
ANTICIPATED COMPLETION DATE: July 2021
STATUS: Partially Corrected

Corrective Action Planned: The director of finance will adjust the control worksheet to correctly calculate the hold harmless percentage. The adjustment will consist of not rounding the percentage amount. The second reviewer will review the control worksheet. The allocation adjustment will be made when FY2022 allocations are calculated.

FINDING NO: 2020-020 (Repeat 2019-080)
AL NO: 10.559
FEDERAL PROGRAM NAME: Child Nutrition Cluster
ANTICIPATED COMPLETION DATE: FY22 October 1, 2021
STATUS: Corrected

FINDING NO: 2020-025
AL NO: 84.367
FEDERAL PROGRAM NAME: Supporting Effective Instruction State Grant
ANTICIPATED COMPLETION DATE: July 2021
STATUS: Partially Corrected

Corrective Action Planned: The Office of Federal Programs concurs with the state audit finding. To ensure newly opened charter schools Title II, A allocation procedures are strengthened, the director of finance will ensure any revised enrollment counts reported in the Wave by the charter school match enrollment counts received by OFP before Title II, A allocations are made. A second reviewer will also be assigned to ensure the most recent enrollments counts are being applied to the Title II, A allocation calculation. The allocation adjustment will be made when FY2022 allocations are calculated.

FINDING NO: 2020-026
AL NO: 84.010
FEDERAL PROGRAM NAME: Grants to Local Educational Agencies
ANTICIPATED COMPLETION DATE: July 2021
STATUS: Partially Corrected

Corrective Action Planned: The Office of Federal Programs (OFP) concurs with the state audit finding. OFP revised its FY2020 Schoolwide (SW) and Targeted Assistance (TA) Plan procedures in FY2021.

LEAs are required to upload the SW/TA plans in the Title I A application which is part of the Consolidated Application located in GMS. All reviewers will verify that all LEAs have submitted SW and TA plans for all sites served with Title I A funds.

FINDING NO: 2020-027 (Repeat 2019-035)
AL NO: 84.010
FEDERAL PROGRAM NAME: Grants to Local Educational Agencies
ANTICIPATED COMPLETION DATE: July 2021
STATUS: Partially Corrected

Corrective Action Planned: The Office of Federal Programs (OFP) concurs with the state audit finding.

- To strengthen our written procedures a first reviewer, the State Ombudsman and second reviewer, a Grants Associate will verify all nonpublic packets have been received by each district and all data from the packet is entered correctly from the spreadsheet. OFP utilizes a review checklist that serves as a guide for the first and second reviewer to ensure a detailed review is performed.
- OFP reviewers, Program Specialists and Grants Associate will receive professional development at the beginning of the new fiscal year. Program Specialists and Grants Associate are provided in-house training on the application process which includes the review of non-public equitable services and set asides. Intensive training will also be provided in the fall to ensure the non-public carryover and equitable services are correctly documented. The Consolidated Application's Title I instructions will be updated to include more detail for reviewers to follow and verify the process.
- Intense training will be provided to all reviewers at the beginning of the year as well as in-house training on the review of equitable services and set-asides verification. The first reviewer, the State Ombudsman and second reviewer, a Grants Associate will periodically check to verify if services are being rendered to non-public schools.

FINDING NO: 2020-028 (Repeat 2019-036)
AL NO: 84.367
FEDERAL PROGRAM NAME: Supporting Effective Instruction State Grants
ANTICIPATED COMPLETION DATE: June 2021
STATUS: Corrected

FINDING NO: 2020-032
AL NO: 84.010
FEDERAL PROGRAM NAME: Title I Grants to Local Educational Agencies
ANTICIPATED COMPLETION DATE: August 2021
STATUS: Partially Corrected

Corrective Action Planned: The Office of Federal Programs (OFP) concurs with the state audit recommendation. To strengthen procedures, OFP will provide LEAs with methodology templates as a guide to prepare the LEA's site allocation as well as training on how to create the Title I Supplement not Supplant methodology.

OFP follows the Supplement not Supplant for FY2020, Non-Regulatory Informational Document dated June 2019, under Title I Part A of the Elementary and Secondary Education Act of 1965 as Amended by the Every Student Succeeds Act.

- OFP requires all LEAs to submit a Title I methodology for sites served with Title I funds through the Consolidated Application in GMS. However, the Non-Regulatory Informational Document provides exceptions to all LEAs for submitting a Title I SNS methodology by stating an LEA need not have a methodology to comply with ESEA Section 1118(b)(2) if it has:
    - One school
    - Only Title I Schools or
    - A grade span that contains only: a singly school, non-Title I schools, or Title I schools (i.e., no methodology is required for this grade span)

OFP provides staff training on the Title I Supplement not Supplant review process to ensure the LEA implements the Title I Supplement not Supplant requirement. Program Specialists and Grant Associates verify the LEAs methodology by reviewing and approving the LEAs Title I application and expenditure reports.
OFP will include in the Title I Supplement not Supplant spreadsheet additional column(s) to include non-Title I LEA sites to review state/local/federal expenditures.

FINDING NO: 2020-042 (Repeat 2019-030)
AL NO: 84.010; 84.367
FEDERAL PROGRAM NAME: Grants to Local Educational Agencies; Supporting Effective Instruction State Grant
ANTICIPATED COMPLETION DATE: June 2021
STATUS: Corrected

FINDING NO: 2020-043
AL NO: 84.027; 84.173
FEDERAL PROGRAM NAME: Special Education Cluster (IDEA)
ANTICIPATED COMPLETION DATE: August 2021
STATUS: Partially Corrected

Corrective Action Planned: The OSDE Special Education Services division will develop procedures to ensure that administrative contracts are adequately tracked and reviewed in consultation with the Financial Services and Purchasing divisions. Procedures will include periodic review of, and reconciliation of internal contract lists within the division and Financial Services/Purchasing.

FINDING NO: 2020-047
AL NO: 10.558
FEDERAL PROGRAM NAME: Child and Adult Care Food Program (CACFP)
ANTICIPATED COMPLETION DATE: July 1, 2021
STATUS: Corrected

FINDING NO: 2020-050
AL NO: 10.553, 10.555, 10.556
FEDERAL PROGRAM NAME: Child Nutrition Cluster
ANTICIPATED COMPLETION DATE: July 1, 2021, SY 21-22
STATUS: Not Corrected

Corrective Action Planned: We will continue to collect supporting documentation from the schools during administrative reviews. Reviews were not conducted in SY 21-22 due to COVID-19 and the USDA approved State waiver. The state did conduct Seamless Summer Option (SSO) technical assistance reviews and completed a checklist for these visits. The PLE Tool was also waived per a USDA waiver for SY 20-21. Once we the PLE waiver is completed again we will verify the three bullet points above regarding PLE.

FINDING NO: 2020-062 (Repeat 2019-056)
AL NO: 84.367
FEDERAL PROGRAM NAME: Supporting Effective Instruction State Grant
ANTICIPATED COMPLETION DATE: October 2021
STATUS: Partially Corrected

Corrective Action Planned:
The Office of Federal Programs (OFP) concurs with the state audit finding. OFP has strengthened its policies and procedures to include additional review processes to identify and compare LEAs current year Title II professional

development activities/services to prior year Title II professional development activities/services in order to determine if the Title II Supplement not Supplant requirement is being met or not met.
OFP currently has processes in place, however the following factors affect the outcome of OFP meeting this finding based on:

1) Reliance on another department for previous year Title I and Title II data,
2) Approval from state auditor on OFP's FY2019 process to quantify the TII Supplement not Supplant requirement, and
3) Once approved or other suggestions are made by the state auditor's office, OFP will proceed with gathering and preparing data to compare current year services to prior year services.

FINDING NO: 2020-072
AL NO: 10.558
FEDERAL PROGRAM NAME: Child and Adult Care Food Program (CACFP)
ANTICIPATED COMPLETION DATE: FY22
STATUS: Corrected

Corrective Action Planned: The issues at hand with this finding is in part due to COVID and the way reviews were conducted or in some instances not conducted due to facilities being closed. USDA allowed for reviews to be done, virtually through desk reviews if needed and even issued a waiver allowing for the 34% review requirement to be waived if needed. I feel a few reviews were missed due to being closed and then reopening at the very end of the FY which didn't give us enough time to get a review done. An updated log has been created to better track reviews during a FY.

FINDING NO: 2020-073
AL NO: 10.558
FEDERAL PROGRAM NAME: Child and Adult Care Food Program (CACFP)
ANTICIPATED COMPLETION DATE: October 2020
STATUS: Not Corrected

Corrective Action Planned: A rubric for risk assessment was developed and claim validations for high risk claims based on the rubric is being conducted.

FINDING NO: 2020-074 (Repeat 2019-054)
AL NO: 10.558
FEDERAL PROGRAM NAME: Child and Adult Care Food Program (CACFP)
ANTICIPATED COMPLETION DATE: October 1, 2020
STATUS: Not Corrected

Corrective Action Planned: All required elements were added to the CACFP FSMC contract for FY 21, including Debarment and Suspension.

FINDING NO: 2020-076
AL NO: 10.553, 10.555, 10.556
FEDERAL PROGRAM NAME: Child Nutrition Cluster
ANTICIPATED COMPLETION DATE: May 2021
STATUS: Partially Corrected

Corrective Action Planned: The majority of these were corrected in FY 20, but due to the overlap of months in the audit year these still show as not being corrected. Several (Bennington, Putnam City, EPIC, Panola) have been corrected. Peggs and Eagletown were emailed to Stephanie based on documentation found in the file, Logs and systems have been updated and training was conducted with the person that has been doing this since last June.

ALN: 97.036
Finding No: 2015-012, 2016-002, 2017-015, 2018-013, 2019-008, 2020-052
Program Name: Disaster Grants – Public Assistance
Status: Corrected

ALN: 97.036
Finding No: 2019-033, 2020-069
Program Name: Disaster Grants – Public Assistance
Status: Not Warranting Further Actions

Finding 2020-069 is concerning what was viewed at the time of the 2020 audit as a small project overrun that was interpreted as being an improperly classified advance payment, which is incorrect. This situation occurred with DR-4438 PW #662. At the initial obligation in June of 2020, the total project was below the large project threshold at $127,380.70. In accordance with the ODEMHS policy and the Public Assistance Administration Plan, the Federal share of $95,535.53 was paid in total to the applicant at time of obligation, making it a final payment.

In late 2020, it was determined that FEMA had utilized costs in their estimates that were much lower than the current average costs associated with shale. FEMA agreed to adjust the project funding, creating a new version of this project. This adjustment caused the project to exceed the threshold, turning it into a large project. The new project version was not created until January 6, 2021, 6 months after what ODEMHS believed to be the final payment for the small project.

At the time of the initial payment, there was no way to foresee the increase in funding due to the FEMA calculation error. There was no advance and ODEMHS maintains that for the time of the payment, it was correctly classified as a final payment, and all polices and procedure for paying a small project were correctly followed. Documentation has been provided to FEMA to support ODEMHS's position on this finding and is attached. FEMA is in agreeance that this finding should not have been issued and have referred ODEMHS to the Oklahoma State Auditor and Inspector's office for further consideration and resolution. ODEMHS request this finding be removed from record.

ALN: 97.036
Finding No: 2018-012
Program Name: Disaster Grants – Public Assistance
Status: Partially corrected

During SFY2021, new procedures and controls were in the process of being implemented to ensure the proper draw and payment timelines are followed. The new procedures and controls have been fully implemented and this finding has been corrected and closed by FEMA with an MDL issued in September 2022.

ALN: 97.036
Finding No: 2020-066
Program Name: Disaster Grants – Public Assistance
Status: Partially Corrected

All payment requests are completed through processes in EMGrants and all CFDA numbers have been corrected. The CFDA numbers are available at any time to sub-recipients on the summary page for each of their respective grant accounts on EMGrants.

At this time, the Grants Compliance Analyst continues to issue paper single audit letters and forms at appropriate times of the year to each sub-recipient notifying them of their responsibilities based on their federal expenditures for their fiscal year. The sub-recipient is required to return the form with a yes or no answer. These response forms are tracked as they are received and scanned and uploaded into the audit tracking module of EMGrants. The Grants Compliance Analyst is responsible for tracking the receipt date of both the forms and the single audit report (as required), reviewing the single audit report, making sure any findings are noted in EMGrants, and that a management decision letter is issued regarding any findings. They are also responsible for ensuring that the response forms and the single audit reports are uploaded into EMGrants for retention. ODEMHS plans to implement better utilization of the audit tracking module built into the EMGrants system which would help to streamline the process by eliminating the paper notices and in turn lessening the administrative burden created by the current process. Anticipated completion 01-31-2023.

ALN: 97.036
Finding No: 2020-082
Program Name: Disaster Grants – Public Assistance
Status: Corrected.

Reference Number: 20-290-009
Fund Type: Government-Wide – Business Type Activities; Enterprise Fund
Other Information: Unemployment Insurance Benefit Expenditures
Status: Partially corrected

OESC has expended significant effort and identified trends and indicators of fraud through analytics and automated tools, but the federal pandemic program volumes continued to be extremely high through the period of the SFY 2021 audit. The environment created by the federal pandemic benefit programs provided ongoing opportunity for sophisticated fraudsters to develop ever-changing methods to exploit weaknesses in the systems of many state employment agencies, not just Oklahoma. Since the federal pandemic programs were ended in June 2021, OESC has been more successful in preventing the payment of fraudulent claims. OESC believes complete success with fraud prevention will require cooperation and solutions from the federal government.

Reference Number: 20-290-032
Fund Type: Government-Wide – Business Type Activities; Enterprise Fund
Other Information: Accounts Payable
Status: Corrected

Reference Number: 20-290-033
Fund Type: Government-Wide – Business Type Activities; Enterprise Fund
Other Information: Schedule of Expenditures of Federal Awards
Status: Corrected

ALN: 17.225
Finding No: 2017-055, 2018-022, 2019-078, 2020-001
Program Name: Unemployment Insurance
Status: Corrected

ALN: 17.225
Finding No: 2020-017
Program Name: Unemployment Insurance
Status: Partially corrected

OESC has expended significant effort and identified trends and indicators of fraud through analytics and automated tools, but the federal pandemic program volumes continued to be extremely high through the period of the SFY 2021 audit. The environment created by the federal pandemic benefit programs provided ongoing opportunity for sophisticated fraudsters to develop ever-changing methods to exploit weaknesses in the systems of many state employment agencies, not just Oklahoma. Since the federal pandemic programs were ended in June 2021, OESC has been more successful in preventing the payment of fraudulent claims. OESC believes complete success with fraud prevention will require cooperation and solutions from the federal government.

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ALN: 17.225
Finding No: 2020-064
Program Name: Unemployment Insurance
Status: Partially corrected

OESC implemented a new process for SFY 2021 to utilize Unemployment Insurance benefit payment data to estimate the appropriate accrual. The wrong date field was utilized for the calculation, which resulted in an understated accrual. The agency has further refined the process for calculating the accrual to ensure the SEFA federal expenditures are accurately reported on a modified accrual basis of accounting.

ALN: 17.225
Finding No: 2020-065
Program Name: Unemployment Insurance
Status: Partially Corrected

OESC enhanced the process controls for the ETA 9128 in August 2021 which should address this finding. The program manager is notified of the report completion at least 10 days prior to the due date. We believe these enhanced controls are operating effectively, and the agency continues to look for opportunities to improve RESEA procedures.

ALN: 93.767; 93.778
Finding No: 2019-025, 2020-021
Federal Program Name: Children's Health Insurance Program; Medicaid Cluster
Status: Not Corrected. (OKDHS Response) Investigation revealed two issues leading to this finding. The first was a need for a more effective process for addressing G1DX discrepancies. To this end, Systems staff began manually scraping case records for G1DX edits and distributing them directly to field workers and supervisory staff for resolution and auditing. This process has reduced the backlog to a fraction of the results shown in the finding. The development of this process revealed that the OMES G1DX reporting process was flawed and drawing both resolved cases and system automated actions into the auditing reports. These reports are being corrected to draw accurate results as well.

(OHCA Response) OHCA Member Audit Unit has been working with OKDHS and OMES to develop a routine report that will be generated and provided monthly for evaluation. The report and other accompanying information is expected by the end of the calendar year. Once received the reports will be monitored for G1DX completion for timeliness and accuracy on a monthly basis.

ALN: 93.778
Finding No: 2019-089, 2020-034
Federal Program Name: Medicaid Cluster
Status: Partially Corrected. (OKDHS) Exchanges are now monitored more closely and failures will be logged by AFS Data Exchange Staff.

(OHCA Response) OHCA has been working with OKDHS and OMES to develop a routine report that will be generated and provided monthly for evaluation. Once received, the Member Audit Unit will monitor, on a monthly basis, the completion of scheduled data exchange jobs. Failed jobs will result in a request to OKDHS to determine the appropriate remedy occurred to address the failed job.

ALN: 93.767; 93.778
Finding No: 2019-087, 2020-045
Federal Program Name: Children's Health Insurance Program; Medicaid Cluster
Status: Partially Corrected. System fixes went into production during state fiscal year 2022.

ALN: 93.778
Finding No: 2020-051
Federal Program Name: Medicaid Cluster
Status: Not Corrected. On January 9, 2022, professional and durable medical equipment (DME) NCCI and Medically Unlikely Edit (MUE) edits were implemented into the production Medicaid Management Information System (MMIS), specifically in the Claims Xten sub-system.

On May 2, 2022, outpatient institutional NCCI and MUE edits were implemented into the production MMIS, also specifically in the Claims Xten sub-system.

NCCI edit updates from the Centers for Medicare & Medicaid Services (CMS) are uploaded quarterly into Claims Xten.

ALN: 93.778
Finding No: 12-807-008, 2013-043, 2014-026, 2015-035, 2016-006, 2017-033, 2018-025, 2019-046, 2020-068
Federal Program Name: Medicaid Cluster
Status: Not Corrected. The OHCA will continue to utilize control processes and procedures to ensure medical claims are meeting program requirements. These processes include prior authorizations, suspended claim reviews, system edits, post payment reviews, and our payment accuracy measurement study. OHCA will also continue National Correct Coding Initiative (NCCI) edit updates and continue with annual spring and fall provider training to better educate our providers. Regarding the payment errors noted in this finding, the federal share was returned on the CMS-64 report for the quarter ended 6/30/2021.

ALN: 93.767
Finding No: 2020-084
Federal Program Name: Children's Health Insurance Program
Status: Corrected

ALN: 10.557
FINDING NO: 2018-001
FEDERAL PROGRAM NAME: Special Supplemental Nutrition Program for Women, Infants and Children (WIC)
STATUS: Corrected

ALN: 10.557
FINDING NO: 2018-071
FEDERAL PROGRAM NAME: Special Supplemental Nutrition Program for Women, Infants and Children (WIC)
STATUS: Not Corrected
OSDH currently has an allocation in place that should move the 1330 account code to a state fund. If any make it onto the federal funding we remove them before the grant is reported.

ALN: 93.268
FINDING NO: 2019-041
FEDERAL PROGRAM NAME: Immunization Cooperative Agreements
STATUS: Corrected

ALN: 93.268
FINDING NO: 2019-073
FEDERAL PROGRAM NAME: Immunization Cooperative Agreements
STATUS: Corrected

ALN: 93.268
FINDING NO: 2019-084
FEDERAL PROGRAM NAME: Immunization Cooperative Agreements
STATUS: Not Corrected
OSDH will review the data that is received from the program to ensure that the cash amount are correct to ensure accuracy on the GAAP package schedule Z. We currently have added an extra reviewing layer to ensure that there is no discrepancies between the reports and schedule Z.

ALN: 93.268
FINDING NO: 2019-085
FEDERAL PROGRAM NAME: Immunization Cooperative Agreements
STATUS: Not Corrected
Procedures will be put in place to ensure Pathfinder excess contributions are not charged to Federal grants. In the grant closeout process, we have added a review of the charges to identify if any 1330's have been charged to the federal grant. The accounting staff will request a journal entry from the reconciliation staff to have those moved to a state budget.

ALN: 93.505; 93.870
FINDING NO: 2017-059, 2018-001
FEDERAL PROGRAM NAME: Maternal, Infant, and Early Childhood Home Visiting Cluster
STATUS: 'Do Not Warrant Further Actions'

- 2 years have passed since the audit report in which the finding occurred was submitted to the FAC
- The federal agency or pass-thru in not currently following up with the auditors on the finding
- A management decision was not issued

ALN: 93.505; 93.870
FINDING NO: 2017-065, 2018-028
FEDERAL PROGRAM NAME: Maternal, Infant, and Early Childhood Home Visiting Cluster
STATUS: 'Do Not Warrant Further Actions'
- 2 years have passed since the audit report in which the finding occurred was submitted to the FAC
- The federal agency or pass-thru in not currently following up with the auditors on the finding
- A management decision was not issued

ALN: 93.917
FINDING NO: 2019-068
FEDERAL PROGRAM NAME: HIV Care Formula Grant
STATUS: Corrected

ALN: 93.917
FINDING NO: 2017-062, 2018-003, 2019-069
FEDERAL PROGRAM NAME: HIV Care Formula Grant
STATUS: 'Do Not Warrant Further Actions'
- 2 years have passed since the audit report in which the finding occurred was submitted to the FAC
- The federal agency or pass-thru in not currently following up with the auditors on the finding
- A management decision was not issued

ALN: 93.917
FINDING NO: 2019-070
FEDERAL PROGRAM NAME: HIV Care Formula Grant
STATUS: Not corrected
The OSDH procurement staff currently maintains a log of sub-recipient contracts. This list is forwarded to the grants unit on a monthly basis. The grant unit reviews the document for inclusion on the SEFA report. The grants unit maintains a list of grants including the FAIN #. This list is now supplied to OSDH procurement who will review Federal Award Identifying Numbers (FAINs) for inclusion on the sub-recipient award documentation. The Procurement Division will hire sufficient employees or adjust monitoring workloads to ensure OSDH is able to adequately monitor sub-recipients in accordance with the CMP.
This is not occurring monthly.

ALN: 93.917
FINDING NO: 2019-071
FEDERAL PROGRAM NAME: HIV Care Formula Grant
STATUS: Corrected

ALN: 93.917
FINDING NO: 2017-058, 2018-001, 2019-072
FEDERAL PROGRAM NAME: HIV Care Formula Grant
STATUS: 'Do Not Warrant Further Actions'
- 2 years have passed since the audit report in which the finding occurred was submitted to the FAC
- The federal agency or pass-thru in not currently following up with the auditors on the finding
- A management decision was not issued

ALN: 93.575, 93.596
Finding No: 2019-001, 2020-061
Program Name: CCDF Cluster
Status: Not Corrected
The Oklahoma Department of Human Services concurs that Monitoring checklists and summary reports are not sufficiently designed to allow a reviewer to see what has been observed. Correcting this will require changes to our third party system. The level of effort required on the part of our vendor is unknown at this time and the status of contract renewal as well. These changes require coordination with other entities outside of our division since OMES duplicates the data for reporting. The division is developing a new training module and planning to develop a data tracking system to assist with ensuring job tasks are completed as required. Our leadership team will coordinate a meeting with our internal training unit to establish a more robust training module to ensure we begin to increase compliance. It is our expectation that these new systems and training will be in place before 3-1-23.

ALN: 10.551
Finding No: 2018-067, 2019-016, 2020-058
Program Name: SNAP Cluster
Status: Not Corrected
The Oklahoma Department of Human Services partially concurs with the findings. Federal regulations do not require clients to indicate their receipt of an EBT card. The pandemic social distancing requirements forced changes in the way cards are issued. The OKDHS has updated its 2022 EBT Handbook removing the section requiring clients to sign for their cards. The Daily Card Issuance Report, 10EB002E, has also been updated so that clients do not sign for their cards. As a part of keeping and maintaining the security of EBT cards, the EBT Specialist in each office signs at the bottom of the report that they attest that they verified the identity of each cardholder on the report unless the card was mailed to the cardholder. There is a place on the report for the EBT Specialist to signify if the card was mailed or not.

The updated 2022 EBT Handbook still requires that when card stock is moved between offices there must be a record of this transfer kept by both offices, the transferring office and the receiving office. AFS leadership will remind their staff to document all card stock transfers in the appropriate places in upcoming training.

During the pandemic, it was not always possible to have two people together to sign off on the destruction and some concessions were made; however, EPS developed and now uses a centralized digital Destruction Log for all locations to use and now offices can and should be able to provide dual signatures. This log allows for digital signatures so staff can use Teams to work together.

OKDHS will begin requiring Field managers (FM) to monthly do an EBT audit on security of card stock and card destruction log. All FMs will have read only access to the EPPIC system so they can randomly check their offices destruction report for compliance. The EPS staff will conduct a training on how this is done.

Federal regulations dealing with the security of the card stock requires that the card stock be kept in a secure location and access be limited to authorized personnel. The updated 2022 EBT Handbook states this and places the responsibility of maintaining this security upon the Field Manager of each location. OKDHS maintains that the keys being kept in a drawer behind a locked door in reception is considered secure since only authorized OKDHS staff housed at that location have access to that reception area. It is not feasible nor practical for the keys to be locked in a drawer then the drawer to be locked and that key kept somewhere else that is locked.

ALN: 93.558
Finding No: 07-830-015, 08-830-015, 09-830-027, 10-830-031, 11-830-012, 12-830-001, 2013-034, 2014-020, 2015-014, 2016-013, 2019-025, 2020-021

Program Name: Temporary Assistance for Needy Families
Status: Not Corrected
In our investigation of the G1DX discrepancy reporting application that reports these edits to the field staff responsible for clearing them, a flaw was discovered that only delivered a partial list of outstanding, unresolved edits, so many were missed. It was also discovered that the system did not capture the identity of the person who marked the edit as resolved, which removed any accountability for the action.

In order to resolve these issues, a number of system and procedural changes have been put in place.

- The reports that are normally supplied to auditors have proven to be much more comprehensive and lack the flaws that are inherent to the reports available to the field staff. As a result, these reports have been set up to generate automatically each month and be placed in CMOD where they will be available to staff at all levels for case management and auditing purposes while the existing reports are being corrected.
- The auditor reports have had fields added to indicate the identity of the person clearing the edit, when it was cleared, and how many days had elapsed between its first appearance and when it was cleared.
- A comprehensive scrape of all cases within the AFS database, IMS, is performed each week to track progress on clearing the G1DX edits. The list is distributed weekly to field staff to clear, and their supervisory staff are required to do follow-up reads on a sample of each of their staff's work.
- A new position of "G1DX compliance Officer" has been created at the state office level, and their responsibility is to track statewide progress on the edit handling efforts, identify areas requiring improvement, and then to collaborate with leadership at all levels to obtain additional support as needed.

ALN: 10.551
Finding No: 2019-025, 2020-021
Program Name: SNAP Cluster
Status: Not Corrected
In our investigation of the G1DX discrepancy reporting application that reports these edits to the field staff responsible for clearing them, a flaw was discovered that only delivered a partial list of outstanding, unresolved edits, so many were missed. It was also discovered that the system did not capture the identity of the person who marked the edit as resolved, which removed any accountability for the action.

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ALN: 93.575, 93.596
Finding No: 2019-025, 2020-021
Program Name: CCDF Cluster
Status: Not Corrected
In our investigation of the G1DX discrepancy reporting application that reports these edits to the field staff responsible for clearing them, a flaw was discovered that only delivered a partial list of outstanding, unresolved edits, so many were missed. It was also discovered that the system did not capture the identity of the person who marked the edit as resolved, which removed any accountability for the action.

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- A new position of "G1DX compliance Officer" has been created at the state office level, and their responsibility is to track statewide progress on the edit handling efforts, identify areas requiring improvement, and then to collaborate with leadership at all levels to obtain additional support as needed.

ALN: 93.778
Finding No: 2019-025, 2020-021
Program Name: Medicaid Cluster
Status: Not Corrected
In our investigation of the G1DX discrepancy reporting application that reports these edits to the field staff responsible for clearing them, a flaw was discovered that only delivered a partial list of outstanding, unresolved edits, so many were missed. It was also discovered that the system did not capture the identity of the person who marked the edit as resolved, which removed any accountability for the action.

In order to resolve these issues, a number of system and procedural changes have been put in place.

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ALN: 93.558
Finding No: 2019-027, 2020-040
Program Name: Temporary Assistance for Needy Families
Status: Not Corrected
The Oklahoma Department of Human Services concurs with the finding. Specific training was conducted on 6/09/2022 at the all TANF staff TANF Academy which included the Deputy Director of Programs, the new TANF Centralized Unit Field Manager, all TANF Supervisors and all TANF Case managers.

ALN: 93.558
Finding No: 2019-028, 2020-041
Program Name: Temporary Assistance for Needy Families
Status: Corrected

ALN: 93.575, 93.596
Finding No: 2019-031, 2020-019
Program Name: CCDF Cluster
Status: Corrected

ALN: 93.558

Finding No: 2019-043, 2020-35
Program Name: Temporary Assistance for Needy Families
Status: Not Corrected
We have begun a restructure of the entire statewide TANF staff. As of May 1, we began vertically integrating the TANF Staff under the supervision of 2 Field Managers in order to bring greater consistency in policy, procedure and service delivery to our families. Through this vertical integration it is believed TANF State Audit findings in general, should begin to be minimized through these efforts beginning September/ October, 2022. We will be conducting an all TANF staff back to basics training addressing all applications, renewals and FSS-1B must have signed documents uploaded in the case record and not left in disc image. We have a large number of new staff being put into place and will address this to the entire TANF unit prior to September 30, 2022.

ALN: 93.558
Finding No: 2019-044, 2020-037
Program Name: Temporary Assistance for Needy Families
Status: Not Corrected
The Oklahoma Department of Human Services begun a restructure of the entire statewide TANF staff. As of May 1, we began vertically integrating the TANF Staff under the supervision of 2 Field Managers in order to bring greater consistency in policy, procedure and service delivery to our families. Through this vertical integration it is believed TANF State Audit findings in general, should begin to be minimized through these efforts beginning September/ October, 2022.

We will be conducting an all TANF staff back to basics training addressing the 60 month time limitation, and the importance of utilizing the CWA57 report to begin addressing the hardship extensions in the 60th month. We will also discuss with staff when a TW-24 should be completed vs. a TW-25 and the importance of getting it submitted to State Office for approval without delay. The entire TANF unit training will be conducted by September 30, 2022.

ALN: 93.558
Finding No: 2019-045, 2020-057
Program Name: Temporary Assistance for Needy Families
Status: Not Corrected
The Oklahoma Department of Human Services begun a restructure of the entire statewide TANF staff. As of May 1, we began vertically integrating the TANF Staff under the supervision of 2 Field Managers in order to bring greater consistency in policy, procedure and service delivery to our families. Through this vertical integration it is believed TANF State Audit findings in general, should begin to be minimized through these efforts beginning September/ October, 2022.

We will be conducting an all TANF staff back to basics training addressing the 60 month time limitation, and the importance of utilizing the CWA57 report to begin addressing the hardship extensions in the 60th month. We will also discuss with staff when a TW-24 should be completed vs. a TW-25 and the importance of getting it submitted to State Office for approval without delay. The entire TANF unit training will be conducted by September 30, 2022.

ALN: 93.667
Finding No: 2019-050, 2020-086
Program Name: Social Services Block Grant
Status: Partially Corrected
The Oklahoma Department of Humans Services has already added specific documentation to the Social Services Block Grant Intended Use State Plan; including how the RMTS methodology is used to determine eligibility. This methodology was approved for use in the A-06-21-66957 SSBG ADL and A-06-20-6277 SSBG ADL management decision letters from the ACF Audit Resolution staff. We are further submitting an amendment to the PACAP plan with our next update in the Quarter Ending September 2022 which will describe how the RMTS methodology will be used within this process.

ALN: 93.658
Finding No: 2017-050, 2018-052, 2019-063, 2020-053
Program Name: Foster Care – Title IV-E
Status: Not Corrected

We concur that two of the contracts did not contain the sub-recipient's unique entity identifier. We will address this within 180 days.

We do not concur with the balance of the bulleted finding points. Title IV-E foster care funds are awarded to the State of Oklahoma as an open-ended entitlement grants through single-year appropriations. Specifically, the program permits Title IV-E agencies to claim reimbursement for a portion of foster care expenditures for children who are removed from the home, placed in foster care, and meet other eligible requirements. As these grants are open-ended, there are no set limits on funding and we provide services based solely on eligibility. Appropriations are based on prior quarter expenditures, trends, and any other appropriate information but there is no limit on Federal funding. Because of the design of this program, it is impossible to specifically comply with 2 CFR section 200.332 (v), (vi), (vii), (viii), and (ix). It is important to note in this case that 2 CFR section 200.332 (a) states "When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and sub-award." The sub-recipient contract specifies the services that are to be provided for this grant and since the amount is open-ended, that is the best information available. Supporting documentation monitors the amounts obligated and provided to all sub-recipients.

The risk assessment is based on the prior year performance. One contract selected by the auditors to test the risk assessment was new in State Fiscal year 2021 and as such, there was no prior year or 2020 activity to review. The other contract was a sub-recipient that not used during 2020 so there was no activity to review.

ALN: 93.558
Finding No: 2019-067, 2020-022
Program Name: Temporary Assistance for Needy Families
Status: Corrected

ALN: 93.568
Finding No: 2017-009
Program Name: Low Income Home Energy Assistance Program
Status: Corrected

ALN: 93.659
Finding No: 2017-051
Program Name: Adoption Assistance
Status: Corrected

ALN: 93.778
Finding No: 2019-089, 2020-034
Program Name: Medicaid Cluster
Status: Not Corrected
The IRS data transfer failure was due to the need for security certificate update needed when OMES upgraded the Axway machine to Windows 10 from Windows 7, and the failure was logged on the transfer logs per IRS PUB 1075 guidelines, and the data was integrated into the system by workaround so there was no accrual lapse in the information exchange, only in the logging process. As soon as the certificates were updated, the process resumed as normally intended. The SSA exchange, along with other exchanges are now monitored more closely and failures will be logged by Adult and Family Services (AFS) Data Exchange Staff.

ALN: 93.558
Finding No: 2020-023
Program Name: Temporary Assistance for Needy Families
Status: Corrected

ALN: 93.558
Finding No: 2020-024
Program Name: Temporary Assistance for Needy Families
Status: Corrected

ALN: 93.558
Finding No: 2020-033
Program Name: Temporary Assistance for Needy Families
Status: Not Cleared

ALN: 93.558
Finding No: 2020-036
Program Name: Temporary Assistance for Needy Families
Status: Not Corrected
The all staff TANF Academy has already been revamped to include an in depth child support training conducted jointly by both TANF Subject Matter Experts and OCSS Child Support Subject Matter experts explaining every piece of the process for completing the child support paperwork, assignment, and good cause exemptions within the child support process for TANF. The first TANF Academy was held on June 8, 2022. All TANF staff attended and specific child support training was conducted. The joint Child Support training will continue at each TANF Academy moving forward. All new staff just onboarding and future staff will also receive this same training at each TANF Academy.

ALN: 93.575, 93.596
Finding No: 2020-038
Program Name: CCDF Cluster
Status: Not Corrected
The Oklahoma Department of Human Services will develop and implement mandatory internal training regarding policy requirements when completing the Child Welfare Child Care Benefits Application.

ALN: 93.558
Finding No: 2020-039
Program Name: Temporary Assistance for Needy Families
Status: Corrected

ALN: Various
Finding No: 2020-054
Program Name: Various
Status: Corrected

ALN: 93.659
Finding No: 2020-055
Program Name: Adoption Assistance
Status: Corrected

ALN: 93.659
Finding No: 2020-056
Program Name: Adoption Assistance
Status: Corrected

ALN: 93.575, 93.596
Finding No: 2020-063
Program Name: CCDF Cluster
Status: Corrected

ALN: 93.575, 93.596
Finding No: 2020-078
Program Name: CCDF Cluster
Status: Corrected

ALN: 93.568
Finding No: 2020-079

Program Name: Low Income Home Energy Assistance Program
Status: Corrected

ALN: 93.568
Finding No: 2020-085
Program Name: Low Income Home Energy Assistance Program
Status: Corrected

OKLAHOMA
Rehabilitation Services

Financial Services

Finding No: 2020-046
ALN: 96.001; 96.006
Program Name: Disability Insurance/SSI Cluster
Status: Corrected

Finding No: 2020-059
ALN: 96.001; 96.006
Program Name: Disability Insurance/SSI Cluster
Status: Corrected

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ALN: 20.205
Finding No: 2018-065
Program Name: Highway Planning and Construction Cluster
Status: Corrected.

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